A Children's Defense Budget

An Analysis of the President's FY 1984 Budget and Children

Children's Defense Fund

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ABOUT CDF

The Children's Defense Fund exists to provide a strong and effective voice for the children of America who cannot vote, lobby, or speak for themselves when critical policy decisions are made that affect their lives. We pay particular attention to the needs of poor, minority, homeless, and handicapped children. Our goal is to educate the nation about the needs of and encourage preventive investment in children before they get sick, drop out of school, or get into trouble.

Our staff of child health, education, child welfare, mental health, and child development specialists conduct research and publish information on key issues affecting children; monitor the development and implementation of federal policies for children; provide regular information technical assistance, and support to a network of state and local advocates; pursue an annual legislative agenda for children in the Congress; and litigate on a few selected issues of major importance to children when other avenues for advocacy do not work. We also educate many thousands of citizens annually about children's needs and responsible public policy options for meeting those needs.

CDF is a national organization with roots in communities across America. Although our main office is in Washington, D.C., we reach out to towns and cities across the country to find out and influence what is happening to children, to help others who work for children, to monitor the effects of changes in national and state policies, and to organize those who work to influence what happens to children in their community, their state, and their nation. CDF maintains state offices in Mississippi and Ohio and has developed cooperative projects with groups in many states, and works closely with a range of national and state networks.

A private organization supported by foundation and corporate grants and individual donations, CDF has never taken government funds.

Marian Wright Edelman
President

Rachel B. Tompkins
Executive Director

A CHILDREN'S DEFENSE BUDGET

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HOW TO USE THIS BOOK
AND WHO CAN HELP YOU

This CDF Analysis of the President's FY 1984 Budget and Children consists of three parts.

In Part I we describe the mosaic of unfair Reagan Administration strategies and actions affecting children. The Foreword sets out CDF's program priorities and recommended actions. The Overview describes proposed FY 1984 cuts, the impact of previous cuts, and alternative defense and tax choices available to help you determine if President Reagan's priorities are yours. Chapter 2 responds to a series of myths that have prevented too many Americans from understanding the real and unfair effects of his Administration's cuts on children and the poor. In Chapter 3 we outline a Children's Survival Bill, our minimal positive program for preventive investment in cost-effective children's programs, designed to repair the harm previous cuts have caused poor children. We suggest alternative ways to pay for it, and describe a series of specific steps you can take to encourage its enactment and help children at the national, state, and local levels this year.

In Part II we describe in more detail the impact of the FY 1982 and FY 1983 budget cuts on particular programs serving children and families, and what the Administration proposes for FY 1984, for those interested in specific issues like health, education, employment, child care, etc.

In Part III we describe the Administration's attempts to erode the civil rights of minority children and families; regulatory changes that are as damaging as the more visible legislative and budget wars; and the President's attack on Legal Services. We expect that if the Administration's influence in Congress diminishes, it will increase its efforts to undercut the laws it cannot change.

Many people helped in putting this book together. We are deeply grateful to all of them.

Bob Greenstein and John Bickerman of the Center on Budget and Policy Priorities contributed the sections on food stamps, WIC, child nutrition, and unemployment compensation.

Robbie Calloway contributed the chapters on the Runaway and Homeless Youth Act and the Juvenile Justice and Delinquency Prevention Act.

Carol Werner of the National Consumer Law Center provided background information that we used in the chapter on low-income home energy assistance.

Cushing Dolbeare of the National Low-Income Housing Coalition contributed to the chapter on low-income housing assistance.

They should be contacted directly for any additional information on these issues. Their addresses and telephone numbers are listed in the Appendix.

CDF program staff provided the remaining chapters. Very special thanks are due Paul Smith, CDF's director of research, for the overall budget research and analysis; Daniel Yohalem, CDF's program director, who coordinated all the work on this book; and Lynn Olson who edited the material.

Any questions on the following issues should be directed to the CDF staff listed below:

Child Health	Judith Weitz or Sara Rosenbaum
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Head Start	Helen Blank or Joseph Williams
P.L. 94-142 (Education of the Handicapped)	Bette Hamilton or Whit Smith
Title I of ESEA (Compensatory Education)	Margaret Lorber, Bette Hamilton, or Barbara Bush
Legal Services and Regulatory Maneuvering	Jim Weill or Carol Golubock
Civil Rights	Paul Smith or Carol Golubock
Any budget numbers, or questions including military expenditures	Paul Smith or Janet Simons
State and local issues	Sid Gardner

Children's Survival Bill	Mary Bourdette
Child Watch	Fran Eizenstat
Religious Action	Rubie Coles or Cathy Stentzel

In addition, in the Appendix you will find the names, addresses, and phone numbers of groups working on military spending issues. Please contact them directly if you want to get more involved in a range of arms control and defense spending issues.

We would like to acknowledge the support of The Rockefeller Family Fund and New World Foundation for our military expenditures analysis project and the Revson Foundation, which provides general support for all CDF publications.

All those at CDF who typed, commented on, and helped produce this publication so quickly are owed huge thanks, especially Beverly Gallimore, assistant to the President; Peggy Jarvis and Cindy Goodson of CDF's publications staff; Janet Simons and Mary Eng, of CDF's research staff; and Evelyn Lieberman, CDF's director of public affairs.

Some of the graphics contained in the Overview are available as posters from CDF's Publications Department for $5.00 each--Give More Children A Head Start: It Pays; The Arms Race May Kill Her, So May Poverty; and Choices with the quote by Dwight D. Eisenhower.

FOREWORD

CDF's vision of America is clear. It is one in which all children have enough food, shelter, clothing, education, health, and child care--and thus opportunity to contribute to the nation when they grow up. It is an America where families are helped when they get into trouble, and children are not tossed about and lost when their families break down or face changing circumstances. It is an America where children's chances to develop, learn, and thrive do not depend entirely on the wealth, generosity, or warm feelings of neighbors, or on the state or class they had the luck to be born in.

We believe our national government ought to guarantee these basic necessities for children if their families cannot, not only because it is morally right to do so, but because the future of our free democratic institutions depends on it, and because preventive investment is sound budget policy. We can pay now or we can pay later. We can waste human capital and pay for that waste in more welfare and more prison cells, or we can store up every bit of national insurance we can muster against a future that is more uncertain, complex, and dangerous than any previous generations of Americans have ever faced. We think a nation that fails to invest in all its young is jeopardizing its <u>real</u> national security.

President Reagan's vision for America's children is totally at odds with ours. Rather than strengthening the nation's preventive investment in young people and cushioning the harsh impacts of the economic downturn for which he shares so much responsibility, he has relentlessly sought to cut and remove every successful federal support for children, send programs without standards and money to unprepared and unevenly interested states and localities, and invoke private sector support for tasks far beyond their capacity or willingness to fulfill.

Our history teaches that localism and privatism, despite their many virtues, mean that some children have all the necessities of life and others have

few or none. We believe that is both unfair and unnecessary in this rich land. Children are Americans first. Why should they go hungry in Kentucky and not in Pennsylvania because one state provides employed fathers welfare and the other does not? Why should children in poor Mississippi and in rich but ungenerous Texas and Louisiana lack what their peers in New York may get? Why should babies in depression-ravaged Ohio and Michigan towns die in increasing numbers when a relative pittance of federal investment in prenatal and postnatal care might give them life?

The Reagan Administration's response to children over the last two years has been a series of unfair budget decisions that have assaulted and hurt children.

- An estimated 1.5 million children have lost AFDC. Most have also lost Medicaid. In 22 states, these children have no alternative way to regain Medicaid services.
- 725,000 people, including about 290,000 children, have lost health services as a result of funding cuts affecting 239 community health centers.
- Over 200,000 children and mothers have lost preventive maternal and child health services.
- One million people have seen their food stamps eliminated and about 4 million have had their benefits reduced.
- 1.1 million low-income children have lost free and reduced-price lunches.
- 900,000 fewer children now receive school breakfasts.
- More than 1,000 schools have closed school lunch programs. This has hurt the poorest children most.
- 500,000 poor children no longer get summer lunches provided through churches and other nonprofits.
- Hundreds of thousands of poor children in Head Start and day care centers have lost a nutritious daily snack of milk, cookies, and juice.

Yet President Reagan continues to say that he is not hurting the truly needy or actually cutting programs for the poor or children. It is simply untrue. The hunger, homelessness, child abuse, and infant mortality we describe in this book are only examples of what we hear about over and over again.

The President claims jobs exist for all who want to work if they would just read the want ads and vote with their feet. But he misses the long lines of unemployed scrambling in the cold for the all-too-few jobs announced in the local papers. He talks of the need for building self-sufficiency. But he then proposes to wipe out or reduce child care, income disregards, and job training

programs that give mothers incentives to leave welfare and go out to work. He implies that significant budget savings can be achieved by weeding out waste and abuse among food stamp and welfare recipients--over half of whom are children. But he says nothing about controlling defense cost overruns of up to 152 percent which cost taxpayers billions. He claims he has been compassionate, fair, and evenhanded in the sacrifice demanded of all Americans. But he has exacted real cuts of $9 billion from the poorest children and families, given $750 billion in new tax breaks disproportionately to the rich, and increased military spending by $55 billion the last two years.

After all this, he now proposes to "freeze" domestic spending, in fact cut another $3.5 billion from programs for poor children and families. Such a "freeze" would not freeze the deficit, but merely the joblessness, hunger, sickness, and suffering previous unjust budget decisions have spawned. In Anatole France's words, it would be like forbidding "the rich as well as the poor to sleep under bridges, to beg in the streets, and to steal bread," but in this case only after taking away the poor man's house and food and giving the rich man a luxury hotel and lots of new allowances.

A new Congress can no longer hide behind the flawed visions of "supply side economics" and "New Federalism," or content itself with playing defensive games that count it a victory if a cost-effective children's program is saved from repeal or further cuts that should never have been proposed in the first place. Nor is it enough in 1983 to simply be against the Reagan budget while ignoring the enormous human consequences of the last two years' choices. Congress must try to restore fairness and repair some of the lives damaged by joblessness and loss of health services, child care services, and shelter.

The nation cannot afford not to take these steps. Congress should lead. It should no longer fear the inevitable and worn out attacks on federal handouts, big government, failed Great Society programs, and deficit spending from those whose choices and votes have caused double-digit unemployment, unprecedented tax raids on public revenues by the nonneedy and military, and a mortgaged future that our children may never be able to overcome.

Certainly every children's and poor people's program has not worked as well as it should. Certainly there is some waste and abuse among welfare and food stamp recipients. Certainly some zealous federal bureaucrats have been overly intrusive. Certainly there is justified concern about controlling in some manner

the indexing of nonpoor benefit programs (and corporate and military benefit programs too). Certainly we ought to learn from the mistakes of the past and tighten up accountability to ensure that those intended beneficiaries are in fact helped in the most efficient way. But none of this is an excuse for inaction. Indeed, we will put the track record of the carefully selected children's programs we advocate restoring and strengthening in our Children's Survival Bill--WIC, Head Start, Medicaid preventive services, child nutrition, adoption assistance, child abuse prevention, handicapped and compensatory education programs--up against any this Administration or Congress has offered. The next 244 pages in this book document the failure of the chosen policies. It is time for remedy.

We at CDF have spent two years tracking the combined impact of federal budget cuts, in the midst of recession, on children and the poor and on federal deficits. Indeed, we have spent over a decade working to improve the lives of children from the small towns of Mississippi to the failing factory towns of Youngstown, Ohio, and Holyoke, Massachusetts. We and others have made mistakes in our eagerness, but we have seen much of which we are very proud. We have seen thousands of poor Mississippi children and their families, and thousands of others like them all over America, gain a whole new vision of the future through Head Start and escape the narrowed tunnels of opportunity that two hundred years of segregation and poverty have wrought. A variety of civil rights laws, for all the imperfections of implementation, opened up new life choices for millions of Black, Hispanic, handicapped, and white children, while many social programs concretely bolstered those choices.

We have watched Title I of the Elementary and Secondary Education Act weather years of state misuse as general aid as the Congress struggled to tighten it up and target it in a manner to actually get it to the poor children who actually began to learn to read and write and add and subtract and catch up with their more advantaged peers. We have seen hunger and malnutrition--our first concerns as an organization--be virtually wiped out in America, and the sapless children in rural areas and on city streets transformed into eager, responsive, hopeful human beings. We have seen the nation make great strides against child deaths from polio and diphtheria and mumps and measles through immunizations and a beginning national commitment--too often honored in the breach by some states--to screen and treat early childhood illnesses. We have seen infant mortality go down. We have seen hundreds of thousands of handicapped children--mostly nonpoor and white--accepted into schools and community life and

public consciousness. And we have seen homeless and institutionalized children--forgotten, neglected, sometimes abused--be finally talked about and protected by the Congress, a goal still to be achieved in many of our states.

Federal laws accomplished these fine results--as good as any we have ever achieved as a nation. Not perfect, certainly not enough, these laws represent the most meager beginnings on a national floor of decency for the young.

But what kind of solution is cutting their budgets, gutting their regulations, repealing their targeting, taking away the rights and protections of parents--all of which this Administration has tried to do these past two years while replacing them with nothing? What kind of alternative is easy rhetoric that cries "nothing works" backed neither by dollars nor carefully conceived program ideas? It does not help to say the private sector will pick up the pieces. They never have and never will, although they are doing more and can do still more. States and cities cannot close all the gaps. Some have invested more in their children because of federal example. Some will invest less because of federal example. Even when they try hard, they still need the help of their federal government. Under the leadership of a strong governor, the Mississippi legislature has finally passed an education reform program this past December because it recognizes that publicly supported early childhood programs like Head Start are essential for all children. But Mississippi is a poor state economically and an adequate job cannot be done for children with only its local and state resources.

Many members of Congress have tried to hang on to the basic framework of most children's programs even as they have given into the cuts. We thank them. With the encouragement of many advocates and citizens, Congress must now begin to strengthen the weakened foundation and rebuild the walls on the still unfinished national house of decency for our young. We offer our own positive program -- the Children's Survival Bill in Chapter 3--for immediate congressional consideration and enactment. We also lay out a number of options for paying for it from tax loopholes for the nonneedy and nonessential defense spending.

While we recognize that controlling the deficits will and should be a prime consideration in congressional deliberations this year, controlling future deficits requires some up front investment now along the lines we propose.

WHAT MUST EACH OF US DO?

1. CARE. We don't care how discouraged, tired, distrustful of the political process or ineffective you feel, write one letter to your Senator or Representative. IT MAKES A DIFFERENCE. If you say or do nothing, you are condoning the Reagan choices that have caused so many children and families to suffer. As you meet some of the children and families in this book who need your help, put yourself in their places as fellow Americans. Imagine you or your spouse being pregnant, and not being able to get enough to eat or see a doctor or know that you have a hospital for delivery. Imagine your child hungry or injured, and you cannot pay for food or find health care. Imagine losing your job and having no income, not being able to pay your note or rent, having no place to sleep with your children, no welfare (because your state doesn't cover families with unemployed fathers and your unemployment compensation has run out). Imagine having to stand in a soup line at a church or Salvation Army station after you've worked all your life, or having to sleep in a shelter with strangers and get up and out early each morning, find some place to go with your children, and not know if you can sleep there again that night. If you take the time to imagine this, perhaps you can also take the time to do for them what you would want a fellow citizen to do for you.

2. INFORM YOURSELVES ABOUT WHAT IS IN THE PRESIDENT'S BUDGET AND WHAT IT MEANS. This book is designed to help you do that. Do not look just at the one program you care about, but struggle to understand the broader choices that affect your program's ability to survive--indeed our nation's ability to recover economic health. Staying informed this year as budget decisions are rapidly made is also important. CDF has a toll free number (800) 424-9602 for your use, and a monthly newsletter, CDF Reports. Join our network and help. You will get prompt and regular updates and network alerts on what is happening in the Congress and the budget.

3. HOLD YOUR SENATORS AND REPRESENTATIVES ACCOUNTABLE FOR THEIR CHOICES THIS YEAR. VOTE YOUR CONVICTIONS IF THEY LACK THE STRENGTH TO FIND THEIRS. It is necessary to hold your members of Congress accountable for the positions they take, and the votes they actually cast. The posturing surrounding government spending, the deficit, and the need for savings provides a vivid illustration of why citizens must pay attention. Despite the outpouring of talk about the need to cut government spending, reduce deficits, and share the burden for our

economic difficulties, the actual votes of many members of Congress have reflected another agenda.

For example, we found that in 1982 most members of Congress who supported vast increases in military spending also opposed programs for needy children and their families. This voting pattern was clear time after time, taking away assistance from children and families and giving even more to the military. Similarly, many who voted to save small amounts of money at the expense of needy children also voted to give large amounts of money to nonneedy corporations.

A special hypocrisy we would like to note involves the cosponsors of the so-called "Family Protection Act." Nearly all of them have voted consistently against the programs and protections selected by CDF as crucial to help children and their families survive and stay together after children are born. We hope in the future that they will not let their right to life concept end at birth.

We also hope that a variety of human services, environmental, elderly, and military expenditure groups will seek the common intersections of self-interest in 1983 rather than simply pursuing narrow concerns.

While many see little or no apparent logical relationship between the nuclear freeze, measures to prevent a nuclear war, poor children's and elderly programs, destructive environmental policies, and massive increases in defense spending, in fact there is a profound political relationship in the mind set and votes of people who see no or few limits to what we can spend to "buy" national security and no bottoms on the unfair human suffering American citizens should tolerate.

4. URGE THE FULL BUDGET COMMITTEES IN BOTH HOUSES OF CONGRESS TO HOLD HEARINGS ON THE TRADE-OFFS BETWEEN AND RELATIVE MERITS OF CRITICAL DOMESTIC HUMAN NEEDS, MILITARY SPENDING PROPOSALS, AND DELAYING, CAPPING, OR ADJUSTING TAX CUTS FOR THE AFFLUENT IN THE ECONOMIC RECOVERY ACT OF 1981. ALSO URGE YOUR MEMBERS OF CONGRESS TO REPAIR THE HARM DONE AND INVEST IN CHILDREN BY ENACTING PROVISIONS IN THE CHILDREN'S SURVIVAL BILL.

We know what a dollar invested in a child care food snack or school lunch means to a hungry child. We know that an investment in Head Start helps children stay at grade level, decreases special education placement, and improves school performance. We know that community health center care reduces hospitalization rates 25 to 44 percent; that $180 million invested in immunization saved $1.3 billion in remedial health care; that screening and treating young children under Medicaid saves, for every $1 spent, $8 in later costs; that WIC returns $3 on

every $1 invested. We also know that handicapped children gain greater self-sufficiency with special education; and that compensatory education dollars for Title I (Chapter I) help children read and compute better.

We do not know that investing $26 billion in 226 MX missiles will yield us greater security as a nation--even if we could find a place to hide them. We do not know that 100 more B1 bombers at a cost of $25 billion are essential to preserving the national defense. Former Defense Secretary Harold Brown thought not, and proposed their cancellation. Similarly, the last two years' Economic Recovery Act results would lead us to question whether continuing tax breaks for the wealthy will spur productivity or maintaining the new corporate tax breaks will improve the economy. We think it makes sense, therefore, to invest in what we know works.

Specifically, urge members of Congress to oppose

- any additional cuts or freezes on programs for children and the poor in 1983;
- any increase in defense spending not accompanied by equivalent savings, cuts, and efficiencies in the military establishment; and
- tax giveaway provisions of the Economic Recovery Act. Steps should be taken to close the untargeted and unproductive loopholes in phases 1 and 2, including corporate leasing and indexing provisions.

Urge them to enact the provisions of the Children's Survival Bill.

5. RESPOND TO THE PRESIDENT'S BUDGET PROPOSALS immediately and throughout the year by calling and visiting your Senators and Representatives and inviting them to your church, synagogue, or group when they are back home. The congressional switchboard number is (202) 224-3121. Just ask for your Senator or Representative by name when the operator answers. Organize at least one letter offering or telephone call-in on the budget cuts that most concern children in your community. The Senate zip code is 20510; the House's 20515. Also call the White House opinion line--(202) 456-7639--and express whatever opinion you have on the budget. Ask your congregation, child care center, PTA meeting, community group, or club to take 15 minutes together and write letters or sign a petition for children. Samples are included in Chapter 3. Maybe they would like to send pictures of children dear to them to strengthen the appeal.

CDF is joining in a special letter writing appeal that the National Association for the Education of Young Children is sponsoring during their 1983 Week of the Young Child. Perhaps you will do a similar appeal to help the Congress see the faces of your children, grandchildren, or those you teach or

know in your neighborhoods by attaching a picture on a simple note saying:

This child/these children deserve a future--education, health, jobs, families,etc. What are your budget priorities?

Sincerely,

Your Representatives will be more influenced by what they hear from you about children and poor families than by anything CDF and others do in Washington, D.C. After all, you are the people who elect them. A schedule of congressional recesses is included in the Appendix along with the timetable of the congressional budget process to help you determine when you can make the most difference.

6. SPEAK OUT FOR CHILDREN IN YOUR STATE AND LOCAL GOVERNMENTS, AND URGE ELECTED OFFICIALS TO DO THE SAME. In Chapter 3 we describe the important roles that state and local governments play in making decisions that affect children. Governors and state legislators have special responsibilities for making sure that their policies do not exacerbate the effects of federal budget cuts. Monitoring their decisions is important. Compiling state versions of this Green Book, conducting children's audits, drafting petitions for legislative bodies to endorse (see Chapter 3) and urging state and local officials to speak out in their national organizations are all vitally needed. A number of governors and state legislators are becoming stronger national leaders for children; make sure yours are among them in 1983. CDF can put you in touch with the elected officials in your state whom we believe have been most supportive of children.

7. ENCOURAGE YOUR CONGREGATION TO JOIN CDF'S RELIGIOUS ACTION CAMPAIGN AND BECOME VISIBLE ADVOCATES IN SUPPORT OF CHILDREN. AS AN INDIVIDUAL, WORK WITH OTHER COMMITTED INDIVIDUALS THROUGH PROGRAMS LIKE CHILD WATCH AND OTHER VOLUNTARY ACTION. Many religious groups and denominations have begun to play a more active role in speaking out for children nationally and as local congregations. Again in Chapter 3 we included a list of suggested actions. Consider sponsoring a Children's Sabbath, or using CDF's Interfaith Religious Action Kit (available in March) as a means of spotlighting the needs of children in your community. Or join Child Watch, which CDF is currently conducting with eight national organizations in over 100 sites in 37 states. More projects are needed. There are also hundreds of local groups working to provide services to children and families, and they all need help. Committed volunteers are special people, and they can help children in concrete ways that may not be in the headlines but are valuable just the same.

8. PRAY FOR NEEDY CHILDREN AND FAMILIES AND FOR THE LEADERS WHO MUST DECIDE THE FATE OF SO MANY OF THEM, THAT THEIR DECISIONS MAY BE GUIDED BY FAIRNESS AND JUSTICE.

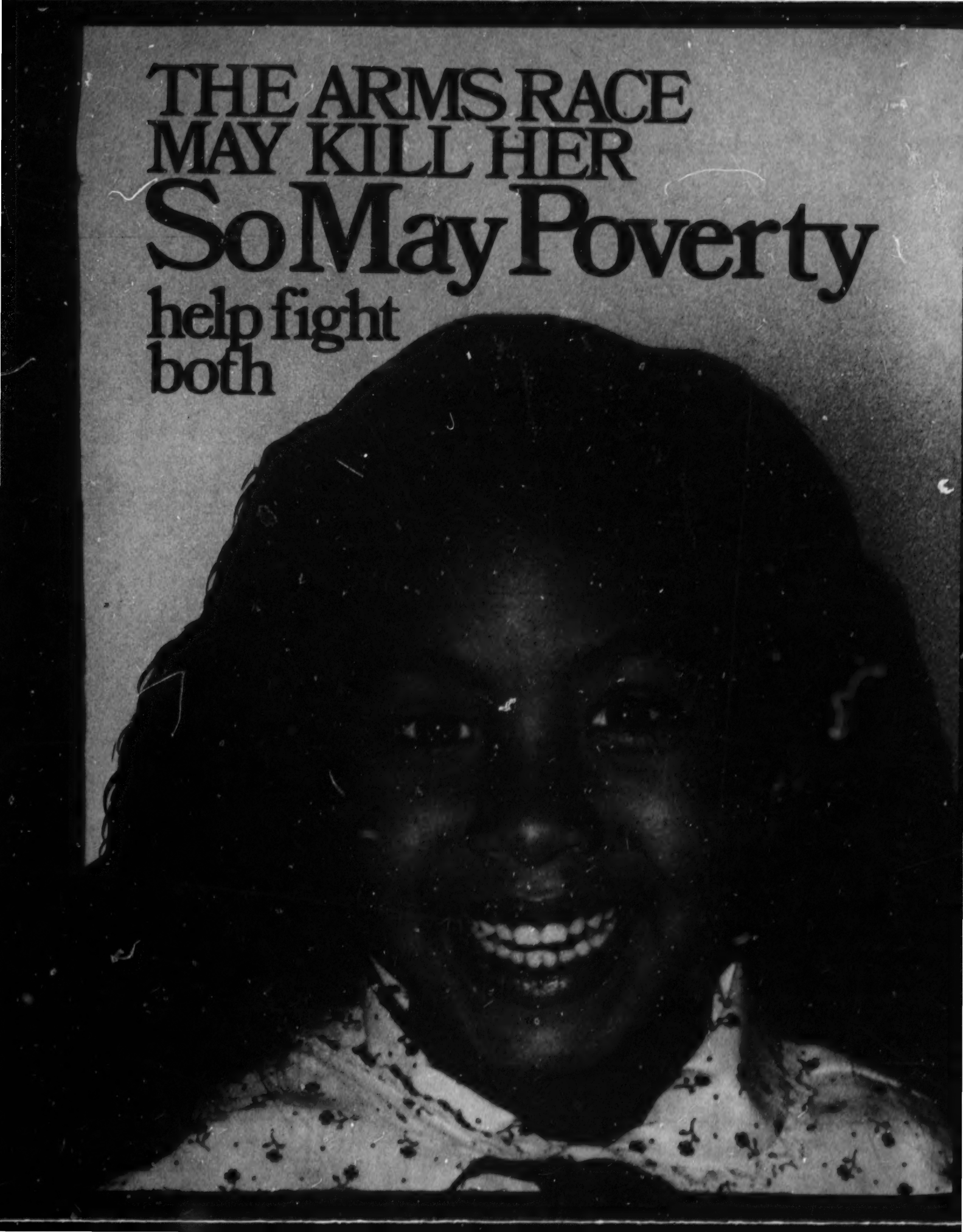
Marian Wright Edelman
President
Children's Defense Fund

PART I

Children and the President's Budget

THE ARMS RACE MAY KILL HER So May Poverty

help fight both



CHAPTER 1

Overview

THE REAL CHOICES

> We can, with compassion, continue to meet our responsibilities to those who, through no fault of their own, need our help. We can meet fully the other legitimate responsibilities of government. We cannot continue any longer our wasteful ways at the expense of the workers of this land or of our children.
>
> Ronald Reagan
> Address to the Nation on the Economy
> February 5, 1981

1983 is a year of profound national reckoning. Over the past two years, the President and the Congress have made a series of budget choices that have tried to pit young against old; new poor against old poor; middle class against working class; homeless against handicapped; filling potholes in streets against filling children's cavities; sunbelt citizens against those living in decaying cities.

These choices have already turned millions of proud, hardworking, hopeful, entrepreneurial Americans into dispirited, dependent citizens who have lost their dreams along with their jobs, health insurance, and homes. These choices have been neither compassionate nor just. A new Congress must now try to right the harm done to millions of our young and our economy. It must grapple with the hard defense and tax choices before it and reestablish balance among competing national priorities.

Our systematic review of the Reagan years shows that poor, handicapped, abused, and neglected children have been the primary victims of heartless and relentless Reagan Administration budget cuts, program repeals, and regulatory maneuvering.

In FY 1982 the Reagan Administration proposed $11 billion in cuts in critical preventive children's and family support programs. The Congress enacted $9 billion.

In FY 1983 the Reagan Administration proposed $9 billion in cuts in these same programs. Congress enacted $1 billion.

In FY 1984 the Reagan Administration is proposing to "freeze" previous cuts and cut another $3.5 billion from these same programs serving these same devastated children and families just as they are being hit by the harsh effects of already enacted cuts. Proposed new actual FY 1984 cuts include another $246 million from child nutrition programs, $1.9 billion from Medicaid over three years, $732 million from poor welfare mothers and children, $757 million from food stamp recipients, and $675 million from low-income home energy assistance.

The President would also eliminate the entire $348 million Community Services Block Grant (emergency jobs, shelter, and food), $73 million Juvenile Justice and Delinquency Prevention Act, $271 million Work Incentive (WIN) Program to help mothers escape welfare, $241 million Legal Services Corporation, $6.8 million Appalachian Area Development Program, and a number of child abuse, child welfare, and Head Start research and demonstration projects.

If he succeeds, it will mean that the poorest and most vulnerable children in America will have lost $1 in every $6 spent on them before President Reagan took office. No other group has been made to sacrifice so much to control so little of the growing federal deficit.

Not only has the Reagan Administration cut funds for children and poor families, it has also attempted to repeal or weaken virtually every cost-effective and successful preventive children's program that could help control future deficits and remediative costs: the Special Supplemental Food Program for Women, Infants and Children (WIC); the Adoption Assistance and Child Welfare Act of 1980; the Child Abuse Prevention and Treatment Act; Title I of the Elementary and Secondary Education Act; the Title V Maternal and Child Health Program; the Child Care Food Program; the Juvenile Justice and Delinquency Prevention Act; the Runaway and Homeless Youth Act. The list goes on and on. And when Congress has rejected the Administration's attempts to eliminate programs, Administration officials have tried to accomplish the same results through back-door regulatory maneuvering and nonenforcement of the law. We recount many such efforts throughout the program chapters in this book and in Part III.

Even Head Start, a purported Administration "safety net" program, did not escape Mr. Stockman's repeal/block grant attempts or the Department of Health and Human Services' efforts to "streamline" its regulations and performance standards, thereby threatening the very elements that make the program successful. It took 5,000 letters from Head Start parents and supporters to convince the Administration to leave Head Start alone.

These actions--aimed at the helpless--are hardly the mark of a compassionate, caring Administration. President Reagan and the Congress had other, more humane choices. They still do. Since the Administration in its FY 1984 budget proposals remains bent on hurting children, it is up to Congress to stop and mend the safety net for so many children. It is our strong view that the provisions proposed in the Children's Survival Bill in Chapter 3 are a minimum response that the Congress can make to repair lives like those described in ensuing sections.

THE PRESIDENT'S FY 1984 BUDGET: THE NUMBERS

Categorical Grants	Current Program FY 1983 (millions)	FY 1984 Proposed Level (millions)	Proposed Change (millions)	Proposed Change (percent)	Total Change by Reagan Administration[a] (percent)
Compensatory Education (Title I)	$ 3,167.9	$ 3,014.0	$ - 153.9	- 4.9%	- 23.9%
Handicapped Education	1,110.3	1,110.3	0.0	0.0	- 7.6
Maternal & Child Health Block Grant	373.0	373.0	0.0	0.0	- 24.6
Mental Health Block Grant	439.0	439.0	0.0	0.0	- 25.1
Child Welfare Services & Training	160.1	156.3	- 3.8	- 2.4	- 14.4
Child Abuse State Grants	6.7	6.7	0.0	0.0	- 9.2
Social Services Block Grant (including community services)	2,798.0	2,500.0	- 298.0	- 10.7	- 32.2
Juvenile Justice	73.0	0.0	- 73.0	-100.0	-100.0
Runaway Youth	21.5	10.5	- 11.0	- 51.2	- 4.5
Head Start (excludes food money)	912.0	974.7	+ 62.7	+ 6.9	+ 7.8
Energy Assistance	1,975.0	1,300.0	- 675.0	- 34.2	- 29.7
Supplemental Food (W.I.C.)	1,092.6	1,092.6	0.0	0.0	+ 6.2
Child Nutrition (School Lunch, Breakfast, Child Care Food, and others)	3,178.0	2,931.9	- 246.1	- 7.7	- 42.2
Youth Employment	724.5	637.5	- 87.0	- 12.0	- 67.6
Legal Services	240.0	0.0	- 240.0	-100.0	-100.0
Entitlements					
Aid for Dependent Children	8,263.0[b]	7,531.0	- 732.0	- 8.9	- 24.1
Medicaid	21,092.0[b]	20,799.0	- 293.0	- 1.4	- 8.4
Food Stamps	12,496.0[b]	11,739.0	- 757.0	- 6.1	- 14.3
Foster Care	490.2[b]	440.2	- 50.0	- 10.2	- 10.2
Adoption Assistance	5.0	5.0	0.0	0.0	n/a
TOTAL	$ 58,617.8	$ 55,060.7	$ -3,557.1	- 6.1%	- 18.5%

[a] Assuming FY 1984 proposals.

[b] FY 1984 Current Service (Current Policy) estimates.

THE HUMAN IMPLICATIONS OF PREVIOUS CUTS

In the past two years more than 2.5 million children have fallen into poverty. One in five children is now poor, a rate as high as that in 1965, before the War on Poverty began.

Women and Blacks have joined children in swelling the ranks of the poor. Two and one-half million women and 1.3 million Blacks have become poor since 1980. More than one in every three Blacks is poor. Half of all poor Blacks are children.

As joblessness has mounted and social safety nets have been torn asunder, children have suffered. As 10.7 million Americans, including children and spouses, have lost their health insurance because of job loss, and working poor mothers have lost their Medicaid cards along with their AFDC checks, poor children have gotten sick and have even died for lack of health care. This is particularly true in areas where loss of health coverage has been met by drastic reductions in public health services due to federal health cutbacks.

When families no longer have been able to meet basic survival needs, children have lost their families.

We have, therefore, proposed assistance to the 500,000 children in foster care; to the 1.5 million children who are victims of child abuse and neglect; to the youth who are unemployed, runaways, or homeless; and to children suffering from health emergencies. We believe these programs are crucial because:

Infant Mortality Is Growing Among the Poor

- In Alabama, after an extensive effort to decrease infant mortality, officials report that the state's infant death rate is expected to climb back to the 1980 level when Alabama topped the nation. Researchers not only report significant increases during 1982, but also are beginning to detect a worrisome linkage between increasing unemployment and increasing infant mortality.

- In Chicago the infant death rate was 20.8 per 1,000 live births through November 11, 1982, compared to 18.9 per 1,000 live births during 1981.

- In Baltimore the infant death rate for white infants rose from 9.3 per 1,000 live births in 1981 to 13.2 per 1,000 live births in 1982.

- In some parts of Detroit, the infant death rate has hit 33 per 1,000 live births, the same death rate as Honduras, the poorest country in Latin America. Warren, Michigan, has seen a 53 percent increase in its infant mortality rate;

Pontiac, a 17 percent increase, and Flint, a 12 percent increase. Poor economic conditions, high unemployment, and unprecedented reductions in public health services contribute to these increases.

To drastically cut back on health resources of last resort at a time when millions have lost jobs, income supports, health insurance, food stamps, energy and housing assistance can only add to rather than alleviate the vulnerability of poor infants. Every state has reduced its Medicaid program for mothers and children by cutting back on services or making eligibility more difficult or both.* In addition, 17 states have made deeper Medicaid cuts than Congress required. Similar cutbacks have occurred in maternal and child health and community health center services.

The Incidence and Severity of Child Abuse Are Increasing

- A survey of child abuse specialists in all 50 states and the District of Columbia, conducted in the fall of 1982 by The National Committee for Prevention of Child Abuse, reported that 39 states had seen an increase in reported cases of abuse in the past year. Fifteen states said the number of confirmed reports was also increasing. Fourteen states said they were seeing more deaths due to abuse, and 33 states reported seeing more serious abuse. Despite these figures, 32 states said there had also been noticeable cutbacks in child abuse programs.

- In Maryland, 6 child abuse-related deaths occurred in 1980, 10 in 1981, and 22 as of December 20, 1982, over twice as many as in the previous year.

- In Dallas, Texas, the county child welfare unit has experienced a 26 percent increase in the number of children in foster care in the county--from 380 to 480--over the past 15 months. The children entering care are suffering from more serious conditions--burns, multiple fractures, and head injuries. Twenty percent of the children being placed have been in the state for less than a year.

Parental Abandonment and Placement of Children by Parents in Foster Care Are Rising Because of Inability to Care for Them

- Philadelphia has seen a 50 percent increase in abandonment cases between June 1981 and December 1982. Philadelphia protective services workers now handle 12 to 15 new cases of abandoned children a month. Joey is an example. He was abandoned in August 1982, on an elevator in a downtown office building with

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* For a state-by-state breakdown of these cuts in each area, see CDF's white paper on Children and Federal Health Care Cuts. See also Chapter 4.

only a sign that read "14th Floor - DPW."* He had no extra clothes but looked clean and well cared for. At three, he knew his first name but not his last. He didn't know where he lived. He appeared to have rehearsed not remembering. Unlike most abandonment cases in which parents will resurface within 48 hours, after a week nothing was known about Joey's identity. Finally through help from local police his family was found. Joey and his mother had had no place to stay. Finally, his mother took him where she felt he would be warm and taken care of. Although in December Joey was still in foster care, protective services staff were helping his mother get treatment and find a place to live.

Other parents are also struggling every way they know to provide for their children and not give them up.

- David H., a widowed unemployed auto worker, took his nine-year-old daughter with him to look for work. They moved from Ohio to Texas to Alabama, and, finally, to St. Augustine, Florida. There was no work to be found. They were without a place to live. The young girl was hungry, depressed, and scared. Her father finally decided to send her back to Ohio to live with his sister. He went to Traveler's Aid in Jacksonville to get a bus ticket. Traveler's Aid contacted the juvenile court authorities, and the child was separated from her father and placed in a shelter pending an investigation by child welfare officials. After almost two weeks alone in an unfamiliar shelter, the child was finally sent by child welfare officials to her aunt in Ohio.

- Another family with three boys and a baby girl came to Florida from New York hoping that Dad would find a job. There were no jobs, so the family stayed in Florida, living in a tent, pitched under a bridge. The Department of Health and Rehabilitation Services took custody of the three boys and placed them in two different group homes just before Thanksgiving. The parents returned to New York, with their infant daughter, in order to get help from extended family. The boys remain in foster care in Florida. Attempts to get them back with family in New York have, as yet, been unsuccessful.

- Dallas County has also seen an increase in requests for short-term emergency shelter. They get requests for 80 to 120 children a month. Fifteen to 20 children a month end up spending the night in the Child Welfare Intake Office due to a shortage of space in the shelters. Private agencies have seen similar increases in requests. The Buckner Baptist Children's Home in Dallas opened an emergency shelter in February 1982 to accommodate the requests for temporary care. The privately funded shelter, which can house 16 to 18 children a month for a maximum of 30 days, receives 60 requests a month. The majority come from single parents who have been evicted and have no place to live. The mothers feel they can get by only if they can find someone to help care for their children.

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* Department of Public Welfare

Countless Children and Families Are Going Homeless, Cold, and Hungry--Forced To Choose Between Food, Health Care, Heat, and Shelter

- Jane D., pregnant with her first child, was two weeks away from her delivery date when we heard about her. During the first few months of her pregnancy, Jane and her husband did not have a place to live. "We were fortunate to meet some nice people who fed us until we found work and a place to live." Jane started working in her fourth month of pregnancy, but could only work for two months. Her husband got laid off from his $3.50 an hour job. Since then, the couple has been living on rice and beans from a local church. Sometimes they go to the neighbors to eat. "When we do have money for food, I buy a can of milk for the week, orange juice, some meat, and a little cheese, but not too often." Every two weeks before the rent is due, they do not buy food so they can pay the rent. However, they missed the last payment and received an eviction notice from their landlord. The electricity was turned off. Jane's husband has been going out every morning to find any job he can, but has not been able to find anything. She is anemic, but has kept only two of her five prenatal care visits because she did not have the money to pay the $20 office fee.

The Community for Creative Non-violence in its report, Homelessness in America: A Forced March to Nowhere, estimates "the number of homeless people could reach 3 million or more during 1983."

- A mother and three children, the youngest of whom is seven, have been staying in a city shelter opened to serve families when two others overflow. It requires a family to pay part of its monthly check for rent before the city will pick up the rest of the bill. No meals are provided, so the family has to walk about two miles one way to another family shelter twice a day in order to eat, or spend $4.80 round trip each time on the bus. The mother needed coats and other warm clothes for the children and chose clothes rather than bus fare. Some weekends, because they are too tired to walk the distance in the cold, they have had no food at all. There are no cooking or refrigeration facilities in the hotel and the family is limited to receiving food at only one site. In addition, every day at noon they have to leave their room at the hotel with all of their belongings until the hotel can determine if they are still eligible for shelter. Sometimes this is not verified until evening and the family has to stay out in the cold all day.

Many private agencies like Catholic Charities are doing everything they can but it is a drop in the bucket of the need created by joblessness, cutbacks, and the sad misfortunes that occur even in normal times.

- A single mother and three children ages 13, 15, and 16, parishioners at a church in the District of Columbia, were living in a government-sponsored family shelter last year for several months. Church personnel saw the three children every day because they all worked at the church after school to help support the family. No one at the church knew the family was actually homeless. They were too proud to apply for public assistance. The mother was

a licensed practical nurse. But after dental surgery that paralyzed half her face, with onset of high blood pressure, she could not work professionally. Last year the church helped them pay the security on an apartment and got them out of the shelter but at Thanksgiving they learned that the family had been sleeping on the floor for six months. (Many families like this will not show up in the statistics of homelessness because they are hidden--living in extremely overcrowded conditions with relatives or friends.) The church found them housing and gives them food regularly. The mother has worked at part-time jobs, as a cook or housecleaner, but these jobs have been irregular. She is not working now. The oldest boy, 16, went to live with an uncle in another city, but now has returned home and dropped out of school.

Child Care Centers Are Closing or Cutting Their Services, Forcing Parents To Leave Their Children in Inadequate or Unsafe Care. Some Young Children Are Even Being Left Alone

- A Wichita, Kansas, mother had to leave her two children, ages three and four, in her car in a plant's parking lot while she worked.

- The California Rural Legal Assistance Foundation's Food Law Center surveyed 63 child care food program sponsors, representing child care services for more than 20,150 children. Almost 43 percent of the sponsors reported that children in child care were going hungry; 36 percent of the child care centers and family day care homes were experiencing budget deficits in trying to feed children adequately; 22 percent of the child care centers and family day care homes were forced to close their doors or drop out of the food programs, or were expecting to drop out in upcoming months. Centers and day care homes, forced to choose between decreasing meals or increasing costs for families, often chose to decrease the meals.

- The Johnson County, Kansas, Day Care Association sent a questionnaire to the county's day care providers after many children lost Title XX child care subsidies. They found that 17 percent of the parents had left work, 10 percent of the children had been taken to unlicensed day care arrangements, and 7 percent of the children were not receiving any care while their parents worked.

Working Poor Mothers Face Barriers As They Struggle To Work And Make Ends Meet

- 725,000 families have lost AFDC benefits or had their grants reduced. Most had incomes below the poverty line. The overwhelming majority were working poor families.

- President Reagan wants poor and low-income working parents who get free or reduced-price school lunches by applying at their children's school annually to now be required to apply to the local food stamp office and deliver the food stamp certificate to their child's school.

At least two states reported that new Reagan work disincentives discouraged recipients from working.

- In Utah only 1,472 cases with earned income remained eligible for AFDC benefits in December 1981 after implementation of the 150 percent cap on eligibility. By the end of February the number of cases with earned income had dropped to 975. Two hundred and forty-two cases were closed when they lost the $30 and 1/3 disregard at the end of four months; 255 others were terminated for other reasons. Meanwhile, the state experienced an increase in grant payments of $57,403 because fewer recipients were working. The Agency observed, "We do not know whether the additional decline . . . is the result of fewer AFDC recipients starting work or the result of more recipients quitting work or losing their job. Basically what we know is that the unusual drop in the number of cases with earned income occurred simultaneously with [the loss of work incentives]."

- A senior welfare official from Wisconsin testified that "The cost benefit [of eliminating earned income disregards after four months] continues to be negative. Over 50 percent of the cases are back on AFDC within two and one-half to three and one-half months." The cost of these cases has increased due to reduced income or loss of employment. The official stated that although almost all of the families continue to work, the net increase in AFDC costs has been over $91,000 a year and growing. Food stamp increases have been over $500,000 a year and are also growing. The official concluded, "The bottom line is we are shooting ourselves in the foot. Both the government and the AFDC households are losing, and at levels that are dramatic."

- One Michigan mother of two lost her benefits because of monthly reporting requirements. She filed her monthly report on time, but accidentally dated it 1981, rather 1982. Meanwhile, her six-year-old diabetic daughter was hospitalized with insulin shock. While the mother was in the hospital with her child, the form was returned with a notation that it was dated incorrectly. Despite the fact that she filed a corrected form, she lost her AFDC, Medicaid, and food stamp benefits because she had "failed" to comply with monthly reporting requirements. With the help of a legal services paralegal, her benefits were finally reinstated. There was never any allegation that her circumstances had changed, or that she had income which made her ineligible. The only reason for terminating her benefits was that her corrected form arrived after the deadline.

These stories and trends demonstrate the real harm that is resulting from the choices made by the President and Congress in 1981 and 1982. Congress has the chance in 1983 to reduce the harm and to restore modest amounts to programs that will help children and families weather the crisis. Excessive defense spending and tax giveaways must be confronted. Fair standards of accountability and effectiveness must be applied to <u>all</u> government programs including defense. Sacrifice to achieve the strong national security we all favor within and without must be shared by all, not just the weak.

A DEBATE ABOUT BALANCING NATIONAL PRIORITIES: THE TRADEOFFS

"A nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death."

Martin Luther King, Jr.
"Why I Am Opposed to the Vietnam War"
April 14, 1967

"The problem in defense is how far you can go without destroying from within what you are trying to defend from without."

Dwight David Eisenhower
January 18, 1953

These two very different American leaders define the national debate for 1983. What do we value most as a nation? What relative weight should be given to the needs of our children and families, our cities and environment, our elderly and disabled, and to measures ensuring the strong military defense every American wants?

President Reagan and Defense Secretary Weinberger insist that they cannot find another military dime to save or to share with Americans in need. The President instructed Secretary Weinberger on February 3, 1983, to tell the Senate Budget Committee that "we have reached the bone and that any further cuts would do severe damage to our national security." But nobody has proposed to cut defense. The only issue is how many more tens of new billions of dollars will be allocated to defense in FY 1984 to FY 1988, even though the Pentagon has received increases totalling $55 billion over the last two years while children and the poor have suffered huge real cuts.

Between 1982 and 1988, President Reagan is asking American taxpayers to spend $1.996 trillion on defense. This seven year tab of $2 trillion represents

- as much as you would have spent if you had spent $1 billion every year since Jesus was born;
- $7,000 for every living American;
- twice the trillion dollar national debt, which the President is fond of calling "a figure that is literally beyond our comprehension," or "a stack of thousand dollar bills 67 miles high."
  If President Reagan spends as much as he wants to on defense, his stack of $1,000 bills will be 134 miles high;

- more than 25 percent more than the cost of World War II. In fact, one whole World War II plus the entire Social Security Program for two years.

The bottom line of this mind-boggling amount of money is continued huge out-year federal deficits, disastrous consequences for the economy, and neglected domestic needs. Wholly apart from whether such spending increases are justified as a matter of defense policy we believe that unless these trends of continued enormous increases in the rate of real growth in the defense budget (10.3 percent in FY 1984; 9.6 percent in FY 1985; 7.9 percent in FY 1986; 4.5 percent in FY 1987; and 3.9 percent in FY 1988) are significantly moderated by the Congress, national priorities will continue to shift away from human needs to arms to the detriment of children and the poor.

A look at the Administration's own spending projections through FY 1988 shows the drastic tipping of the scales away from children and the poor towards the military. Over the next seven years, per capita real military spending will increase by 63 percent while programs to help low-income families and children will decrease by nearly 22 percent.

PER CAPITA EXPENDITURES ON DEFENSE AND ON PROGRAMS FOR LOW-INCOME FAMILIES AND CHILDREN, FY1981-FY1988

Fiscal Year	National Defense	Programs for Low-Income Families and Children
1981	$ 695	$ 416
1982	762	372
1983	825	379
1984	892	350
1985	983	342
1986	1,054	334
1987	1,097	327
1988	1,133	325
Change		
in Dollars	+ $ 438	- $ 91
in Percent	+ 63.0%	- 21.9%

Figures are in 1981 dollars.
National Defense outlays are totals for function 050. Programs for low-income families and children include all outlays for: education, training, and social service (function 500); health care services (subfunction 551) less Medicare; housing assistance (subfunction 604); food and nutrition assistance (subfunction 605); and other income security (subfunction 609). This grouping includes all programs discussed in this book, plus many small categorical programs (e.g., library grants) and a few larger adult employment programs (e.g., employment services) not covered. The annual average level of the Consumer Price Index (CPI-W) for 1982 through 1988 is as shown in the FY 1984 Budget. U.S. total population are July estimates from the U.S. Bureau of the Census through 1981. From 1982 to 1988, population is Series II projections increased by the 5.6 million correction from the 1980 Census.

We question not only this drastic reordering of national values and resources, but also the efficiency of such rapid military increases. The Department of Defense (DOD) seems to be having trouble spending the money as fast as it comes. For example, it is currently sitting on $228 billion of unspent budget authority, of which $43 billion is not yet committed. This latter amount exceeds all the enacted and pending cuts in social programs for the poor and children. The entire $228 billion is $72 billion more than the Carter Administration spent for defense in its last year; $28 billion more than is needed to balance the Social Security Trust Fund for old age assistance through the year 2020; and just $10 billion less than what President Reagan proposes to let the Defense Department actually write checks for in FY 1984. If Congress cuts the level of unspent funds in the Pentagon back to where it was in the Carter Administration, they could offset the deficit by $90 billion.

While we recognize that there will always be unspent funds, the enormity of the amounts involved suggests that some more moderate military increases might be prudent and that it is not too late to rethink some major weapons decisions, even with penalty. A "freeze" on defense spending in FY 1984 would allow for keeping pace with inflation and seem sensible in light of competing national needs and backlogged DOD commitments.

Weeding Out Nonessentials

Savings can also be found by moderating a range of DOD extravagancies and nonessential items. Although we would not deny our enlisted men any essential support, reasonable fringes, or recreational outlets, we do believe that nonessential military spending must be weighed against civilian essentials. We disagree with Secretary Weinberger's decision to freeze military pay which will hurt thousands of military families who face great financial pressures--some are unable to make ends meet even with food stamps. Their inadequate pay, housing, and support services need more, not less, attention from the Administration and Congress. We suggest greater and fairer savings can be found by reforming the military retirement system and double dipping of army reservists who are also federal employees. We also suggest that continued expenditures for bowling alleys, racquet ball courts and golf courses, disco lights and bars, a luxury hotel on Waikiki beach, 100 military bands, flying cadets (not players) to

football games--arguably acceptable in plush times--are completely unacceptable when millions of non-military children are being forced back into poverty and hunger.

A sampling of non-national security expenditures shows that:

- Navy artists cost $350,000 each year and paint portraits for admiral's offices. (One admiral wrote: "Thanks so much for touching up the picture of my brother-in-law.") This amenity could pay for 150 Head Start students a year.

- If the Department of Defense sells its luxury hotel at Fort De Russey on Waikiki Beach, a $100 million vacation resort in Hawaii for military officials and retirees, we could finance Medicaid coverage for every poor pregnant woman. (We know that most of the hotel's operational costs are paid for by PX receipts, an operation taxpayers also subsidize. We are suggesting its sale for fair market value.)

- 100 military bands cost us about $100 million a year. If we ask American high school bands to volunteer for patriotic events, that money could provide Title I services for 200,000 educationally disadvantaged children.

- About $2 million a year is spent on the use of "Redline" phones (24 hour per day operator-on-line emergency phones for military alerts) for calls to: "Banks, hobby shops, post exchanges, dog kennels, restaurants, doctors, residence, gift shops, hairdressers, and hunting clubs." This would be equivalent to school breakfasts for 2 million poor children.

- The cost of the handball court at Vint Hill Farms Station, Virginia, could have immunized 2,000 children.

- The cost of the bowling alley at Fort Leavenworth, Kansas, could have provided Head Start to 575 children.

- The enclosed, carpeted, reviewing stand at the Marine recruit depot at Parris Island could have provided 83,000 midmorning nutrition supplements in child care centers for low-income children.

- The alterations to the auto hobby shop at the Naval Air Station in South Weywouth, Massachusetts, could have provided medical screening for 4,100 children.

- The planes for the stunt pilot shows run by the Air Force ("Thunderbirds") and Navy ("Blue Angels") cost over $200 million, plus tens of millions each year in operational costs. This is nearly twice as much as the savings the President is proposing to gain from FY 1984 cuts in school lunches and breakfasts.

Eliminating Waste, Abuse, and Inefficiency

Military procurement outlays will run about $70 billion in FY 1984. This is

almost six times the size of the Food Stamp Program. Using President Reagan's own assumption, food stamp overpayments average about $5 in a monthly voucher. If the overpayment results from a deliberate error by the participant, not only is it collected (as it would be even if it was the agency's fault), but also the participant is barred from further participation in the program and subject to criminal prosecution. President Reagan seems determined to root out this food stamp fraud. We ask only that he apply the same standards to military waste, abuse, and inefficiency.

We do not profess to be experts on defense procurement. We do not have to be to know there is something seriously wrong in military planning, purchasing, and implementation procedures that permit overruns like the following 1982 weapons unit cost increases reported to Congress by the Pentagon:

System	Unit Cost Increase	New Cost Each
HARM missile (Air Force)	152%	$ 780,000
Pershing II missile	120	5,480,000
Phoenix missile	104	2,310,000
AH-64 Helicopter	73	17,180,000
TR-1 Aircraft	54	38,850,000
Sparrow missile (Navy)	42	200,000
AV-8B Aircraft (Marines)	40	39,670,000
HARM missile (Navy)	39	850,000
E-2C Aircraft	39	56,130,000
Patriot Missile	35	2,140,000
A-6E Aircraft	32	31,880,000
RIM 66C Missile	32	820,000
SH-2F Helicopter	32	10,510,000
P-3C Aircraft	30	55,830,000
RIM 67B missile	29	810,000
CH-53E Helicopter	28	23,460,000
Sparrow missile (Air Force)	25	150,000

Just these cost increases raised FY 1983 defense spending by $1.9 billion dollars, and will raise future defense budgets as well.

Smaller inefficiencies also exist. For example, military refusal to eliminate duplication among 12 motor pools in the Washington, D.C. area costs taxpayers $20 million a year.

Between January and March of 1982, 23 percent of all flights in the "special air mission" airlift program were found to be wasteful and unnecessary by the Defense Department's own Audit Agency. These "special air missions" included

- an Air Force General who took his wife from Washington to Las Vegas and Los Angeles by military jet at a cost of $8,300 and another general who had a helicopter fly 140 miles from its base to his home in order to carry him to a meeting five miles away, at a cost of $1,600;

- a Marine General who had a helicopter fly him and his wife from Washington to Quantico, Virginia, at a cost of $1,600;

- another General who flew from Alabama to Texas by military jet because he was late for a doctor's appointment; and

- an Air Force General who took a large military jet transport from Washington to Nebraska at a cost of $12,400--to save 15 minutes.

The total waste cited ran about $4 million a year--in direct expenses. But it also indicates that perhaps over 20 percent (or $1 billion) of the aircraft used for "special air missions" may be unneeded.

The Defense Audit Agency also conducted a review of a sample of the nearly 4,000 military travel fraud cases detected in the last three years. In 59 percent of them there was no record of either punishment or restitution. In only 21 percent of the cases was there both punishment and restitution. Here are just two examples:

- A lieutenant colonel "raised" an invoice by changing $15 to $115, and collected the difference. He got a letter of reprimand. He also got to keep the $100.

- An Army Major forged a statement that no housing was available on base, and charged the Army $4,500 before they found that he was living in a trailer with his wife. There was no record of either punishment or repayment.

On August 31, 1981, President Reagan approved new military procurement regulations (DOD Directive 5000.42), which classified any audit exception found in a military procurement contract that totals les than $500,000 as non-significant, and exempted them from the full audit resolution process. A few of the kinds of items that would be nonsignificant under the new rule include the following which the Audit Agency identified by a random sampling of invoices billed to the federal government by military contractors:

- $16,800 in season tickets to sporting events

- $53,000 for sponsorship of a golf tournament

- $5,653 for a boat party, including $2,392 for liquor and $589 for cowboy hats

- $31,809 for a three-week business trip to Europe with wife, including $19,400 in liquor expenses

- $53,193 for a golf outing
- $82,874 for a hunting lodge for business meetings

The total of these items listed in this one audit sample came to over $10 million. In no case was all the money recovered. In no case did the Defense Department audit 100 percent of the billings once such items were found in the sample. In no case was criminal prosecution undertaken. In no case was the contractor barred from further participation in military contracts.

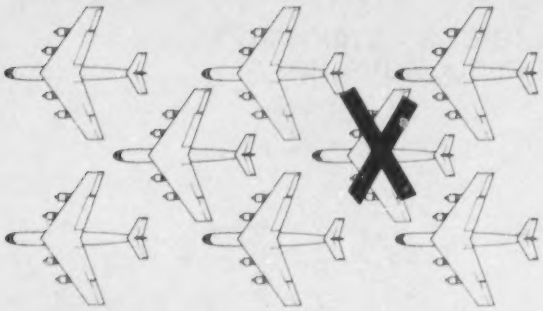
Understanding the Trade-offs on Strategic Weapons

We at CDF cannot decide which strategic weapons are necessary. We can, however, analyze the costs of these weapons and help citizens and Congress understand the trade-offs. As you can see from the comparisons, any one of the few well-known strategic weapons listed here and in Chapter 3 will buy much needed health, child care, education, and child welfare services.

CHOICES

B-1 Interim Manned Bomber

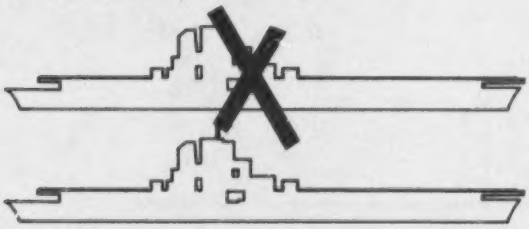
We plan to build 100 of them at about $250,000,000 each.



If we cancelled just one, we could raise the AFDC payment in Mississippi to the national average for all 240,000 children or double the federal education aid for 1 million handicapped children.

CVN Nuclear Attack Carrier

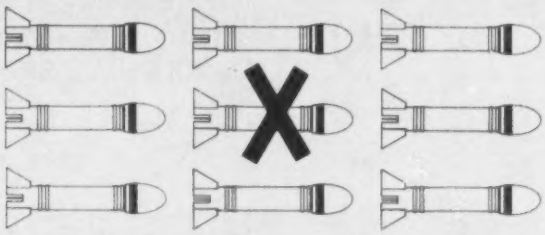
We plan to build two of these at about $3,400,000,000 each.



Cancelling one of them would save only $3,000,000,000. But that would pay for all the foster care needed in the U.S. for the next decade—about 100,000 children per month for 10 years.

M-X Densepack Ballistic Missile

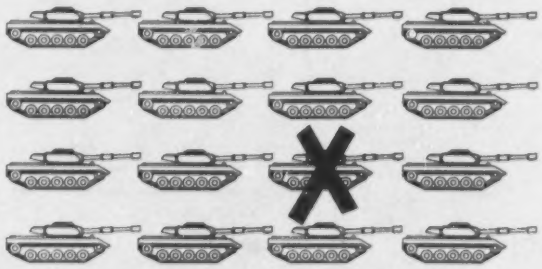
We plan to build about 226 missiles at about $110,000,000 each.



For each missile we cancel, we could eliminate poverty in 101,000 female-headed families for a year. If we cancelled the whole program, we could eliminate poverty for all children in the United States *twice over* and have enough left to send all female heads of low-income families to college for a year.

M-1 Abrams Main Battle Tank

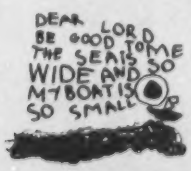
We plan to purchase 7,084 of them at $2,655,632 each.



For each tank cancelled, 5,311 children can receive remedial reading classes for a year.

"If we put one more dollar in a weapons system than we should, we are weakening the defense of the United States."

—Dwight David Eisenhower—

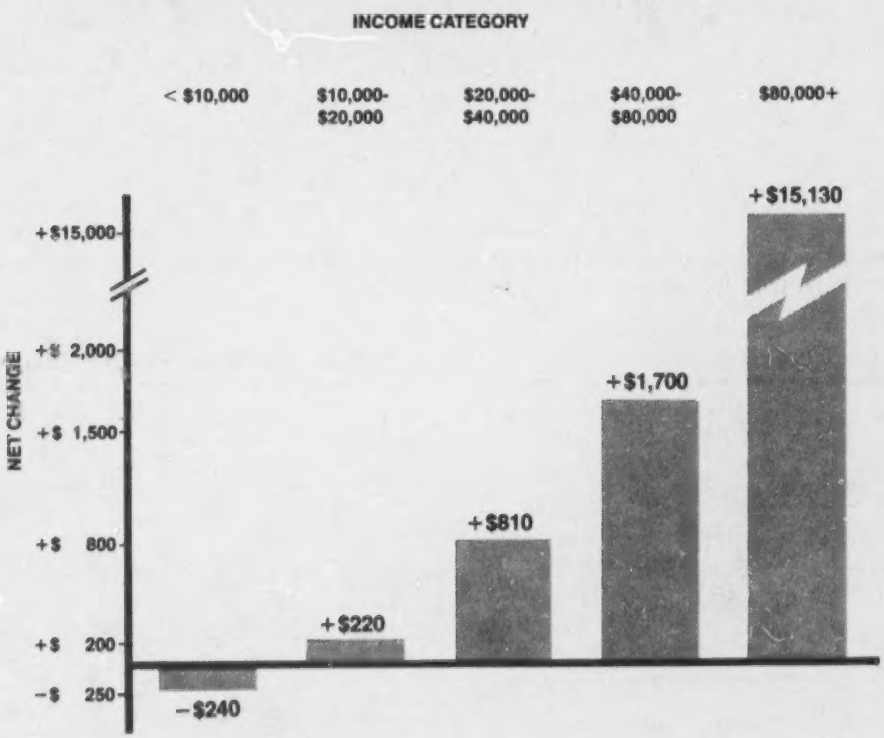


The Children's Defense Fund 122 C Street N.W. Washington, D.C. 20001 (202) 628-8787

Tax Fairness

The Reagan Administration's tax policies have turned the Robin Hood story upside down.

NET CHANGE IN HOUSEHOLD INCOME RESULTING FROM TAX BREAKS PLUS BENEFIT REDUCTIONS, 1983



	< $10,000	$10,000-$20,000	$20,000-$40,000	$40,000-$80,000	$80,000+
TAX BREAK	+$120	+$440	+$950	+$1,830	+$15,250
BENEFIT REDUCTION	-$360	-$220	-$140	-$ 130	+$ 120

SOURCE: CONGRESSIONAL BUDGET OFFICE

As with massive defense spending increases, the President continues to reject any consideration of delaying, capping, or repealing further provisions of his huge, untargeted Economic Recovery Act that has primary benefited the rich at the expense of the poor.

We applaud Congress's leadership in restoring $35 billion of lost revenue last year. But those tax reforms are not enough to control escalating deficits and restore critical social programs. More opportunities exist. Some congressional leaders have suggested repealing, capping, or delaying the third year of the income tax cut.

- If we delay the beginning date of the third year of the individual tax cut scheduled to begin July 1,1983, to July 12 (12 days), we can generate enough money to finance Medicaid coverage for all children living below the federal poverty level. Each day of delay equals $100 million in federal revenues.

Others have argued for eliminating the huge reductions scheduled in inheritance taxes, or eliminating the indexing of income tax rates in future years. Some of these proposals must be considered. Even partial enactment would generate billions in deficit-offsetting revenue for children's programs. But because these ideas have already received so much public attention, we will not discuss them at length here.

Instead, we point out a few other excessive tax breaks for the nonneedy, which also could be moderated to help needy children. A number of these loopholes are described in our Children's Survival Bill.

- In 1965 Congress repealed the 10 percent excise taxes on jewelry and furs. We have all read in the last two years that purchases of luxury items have boomed as the rich benefited from Reaganomics. We propose to restore the federal excise taxes on furs and jewelry, producing about $2 billion in revenue. The revenue could be used to restore many of the cuts in Food Stamps and Child Nutrition Programs

- The liquor tax of $10.50 per gallon is the same as it was in 1951. If it had kept up with inflation, that rate should be $38.95 today. We propose only to double the tax to $21.00, raising an estimated $2.4 billion in FY 1984. That is more than enough to fund the Legal Services Corporation, Juvenile Justice and Delinquency Prevention Act, Community Services Block Grant, Follow Through, Work Incentives Program, Appalachian Area Development child and health care, and every other small program the President has proposed for complete elimination in FY 1984.

- A 10 percent excise tax on the sale of all recreational boats would generate an estimated $110 million in new revenue, enough to increase child welfare services to $266 million, funding programs that keep children with their own families and result in substantial foster care savings in the future.

Tax exemptions, deductions, and credits are the hidden side of "big government." In the FY 1983 budget, a total of $317 billion was listed as "tax expenditures," ranging from a wide range of corporate subsidies to certain kinds of business expenses, such as the "three-martini lunch." Some of these are widely approved by the American people, and would survive any kind of referendum. Many are socially useful. But many are little understood, though very expensive, and serve little national purpose beyond giving breaks to the powerful and furthering the employment of lawyers and accountants needed to interpret their provisions.

Among those tax subsidies that we believe have the weakest claims on national resources, compared to the needs of poor children and families, are

- Special tax breaks for corporations now taxed at a reduced rate on their first $100,000 of income regardless of size. We could maintain the original purpose of the tax break by continuing to provide the lower rates for small corporations, those with a net income of under $600,000. All others would pay the flat tax rate on all income. This would raise an estimated $500 million in revenue.

- Three-martini lunches. The Wall Street Journal reported on July 3, 1982, that

> "San Francisco's Melvin Belli, the lawyer, is a strong advocate of luncheon drinking and the tax-deductibility thereof. Against the tinkling sounds of his 75th birthday celebration, he says "I think you should have exemptions for as much booze as you want to drink." He also says: "You gotta go first class. You gotta show a little class. If it's necessary to throw in a broad once in a while, hell, I'm in favor of that too."

At the risk of showing no "class" at all and ignoring obvious political realities, we would simply point out the startling incongruity of a $3.7 billion revenue loss to the three-martini lunch when child nutrition programs will have suffered three-year cuts of 42.2 percent if the President's proposed FY 1984 cuts are enacted.

Perhaps the rest of us should pay to meet only two thirds of Mr. Belli's seventy-sixth birthday thirst. At a time when children and families are giving up meals essential to minimal health and nutrition, fiscal austerity should also extend to business meals and entertainment. By taxing only 30 percent of those meals and entertainment, we could raise $1.2 billion.

Finally, the President has talked incessantly about "uncontrollable spending" in benefit programs, but has tried to cut and freeze only those entitlements

that assist the poor-young and elderly. It is time to stop the far more uncontrollable growth in the entitlements of the wealthy under the tax code. Even those among these unlimited exemptions that had social utility originally have become such magnets for money that they have skewed spending and investment patterns and drained the federal government of dollars for necessary survival programs. President Reagan says that he supports a free market, but his tax policies have distorted the market in profound ways.

- Between FY 1977 and FY 1982 the revenue loss from the deductibility of mortgage interest and property taxes has more than tripled from $10 billion to $32 billion. Of this increase, about $6.5 billion went to families with taxable incomes over $50,000. If current policy remains in effect, those same families will receive a further $1.7 billion in FY 1984, and increasing amounts in every year thereafter. In each year these are additional amounts of tax breaks, over and above those they will file for this April 15. If we just limit the tax break to the amount now available and only limit it for families with taxable incomes above $50,000, we could restore both the compensatory education program and the social service programs for poor children and families to where they were before President Reagan took office.

- The exclusion of retirement contributions and earnings from federal tax for families with taxable incomes over $50,000 will be worth $15.8 billion to them in FY 1984. That is just $3.3 billion more than the whole Food Stamp Program will cost in FY 1984, and $3.3 billion more than the same families received from the same tax break in FY 1982. By just holding this tax break to its FY 1982 level for families with taxable incomes over $50,000, we would save enough to restore all the cuts in Food Stamps and Child Nutrition Programs enacted under President Reagan.

The tax breaks for ordinary, albeit mostly well-to-do taxpayers, are dwarfed by the tax breaks for corporations and the truly wealthy:

- President Reagan's accelerated depreciation for business investment will give corporations $6.9 billion in FY 1982, $13.2 billion in FY 1983, and $21.2 billion in FY 1984. It keeps increasing. By FY 1986, the amount of lost revenue will be $44.3 billion and climbing. This enormous giveaway was meant to be the "supply side" engine that produced a great economic recovery. It has not worked. One reason it did not work is that there is no hurry. The tax breaks will be there whenever the corporations get around to taking them. We propose to slowly phase them back to where they used to be, starting in fiscal 1984, and ending in FY 1988. In FY 1984, this would save $10 billion, and increasing amounts each year thereafter. But more important, if corporations plan to invest and thus gain the benefit of the President's plan, they will have to do so in the next year -- and thus help create jobs now, when we need them. Of course the $10 billion will also be useful. We could restore the proposed pay cuts for military families, and have enough left over to fund all the provisions of the Children's Survival Bill.

- The special tax breaks for oil and gas corporations will cost $3.9 billion in FY 1984. An additional $2.7 billion will be lost from wealthy individuals

using related oil and tax breaks to shelter personal income. That is a total of $6.6 billion. That is also more than President Reagan proposes to cut from the Section 8 low-income housing program. In fact, if we eliminated these special tax expenditures, there would be enough to restore all the cuts in all youth employment programs as well as in the Section 8 housing program.

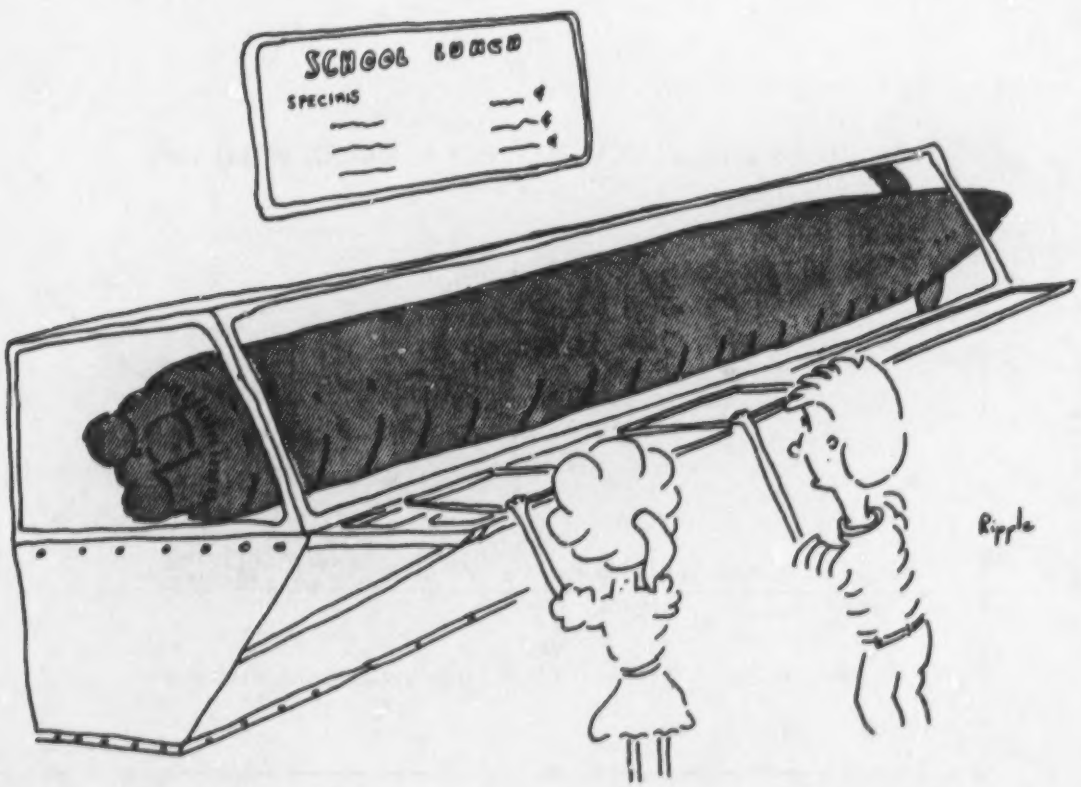
Now is the time to change our national course and reject more unjust "choices" by confronting the real and difficult ones before us. The Congress and the public should no longer tolerate homeless American citizens roaming American streets, standing in lengthening soup lines in American cities, without the loudest protest. We must not become so morally numb that the increasing abandonment, abuse, and neglect of American children is not newsworthy or action provoking. Does it not wound our sense of national pride to see German citizens in peacetime sending care packages to American citizens in Detroit, or to know that Black infants in America have mortality rates exceeding those in Poland, Cuba, Bulgaria, or Rumania, far less wealthy countries with no pretensions to fairness, democracy, or respect for the rights of individual human beings?

We do not have to see these things. The American people and the Congress have other choices.

CHAPTER 2

REAGAN MYTHS

President Reagan is a great communicator. However, his flowing rhetoric and simple images often hide major realities. In this chapter we describe some of his commonly voiced ideas that have prevented many Americans from fully understanding the real budget and policy choices of his Administration.



REAGAN MYTH #1: HE IS SERIOUS ABOUT PUTTING PEOPLE BACK TO WORK

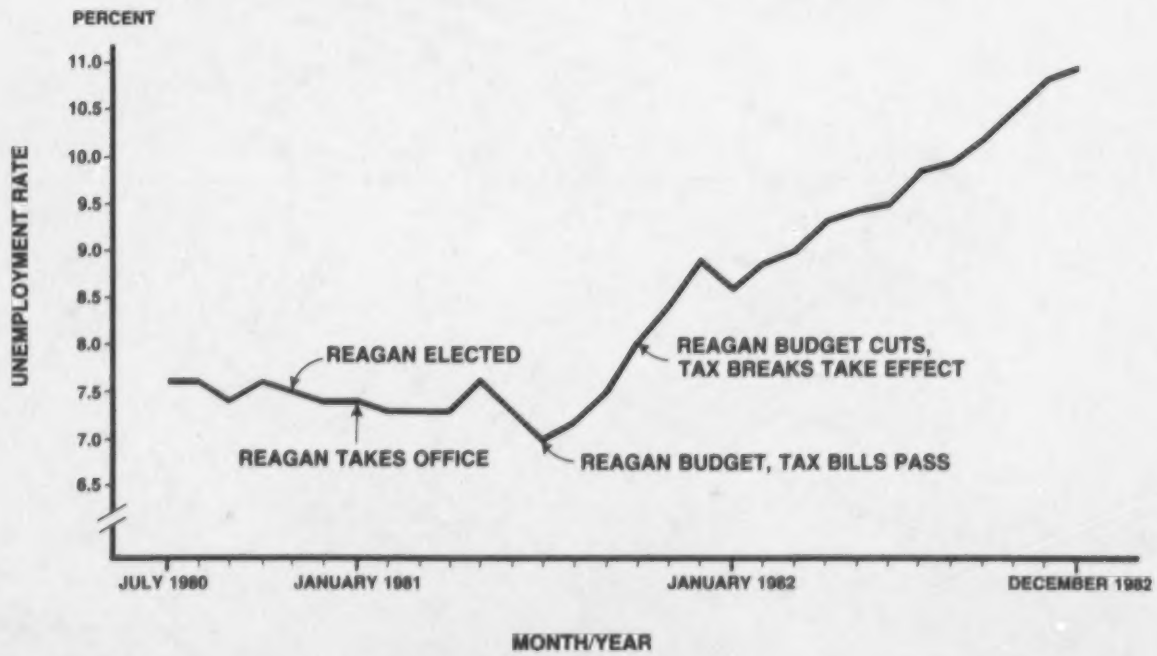
REALITY:

Despite double digit unemployment, the President's FY 1984 budget proposals have not included a dime for creating new jobs. According to the Center on Budget and Policy Priorities:

> "In its briefing book, the Administration attempts to portray employment and training as an area it is expanding. The briefing book fails to explain that $725 million of the proposed FY 1984 funding level is simply 'forward funding' for use in the following year. This money would not be available for employment and training services in FY 1984.
>
> "The amount which would be appropriated for use in FY 1984 is $3.557 billion. This compares with an appropriation of $4.061 billion for FY 1983. The Administration is proposing to terminate the Work Incentive (WIN) Program, a $271 training program for welfare recipients. Some other training programs would be reduced. Overall, there would be a $500 million (or 12 percent) reduction, even after factoring in an increase in the displaced workers program. After adjusting for inflation, the reduction equals $683 million, or 16 percent."

This lack of -- indeed negative -- response to the dire plight of so many jobless Americans is inexplicable.

MONTHLY UNEMPLOYMENT, JULY 1980-DECEMBER 1982



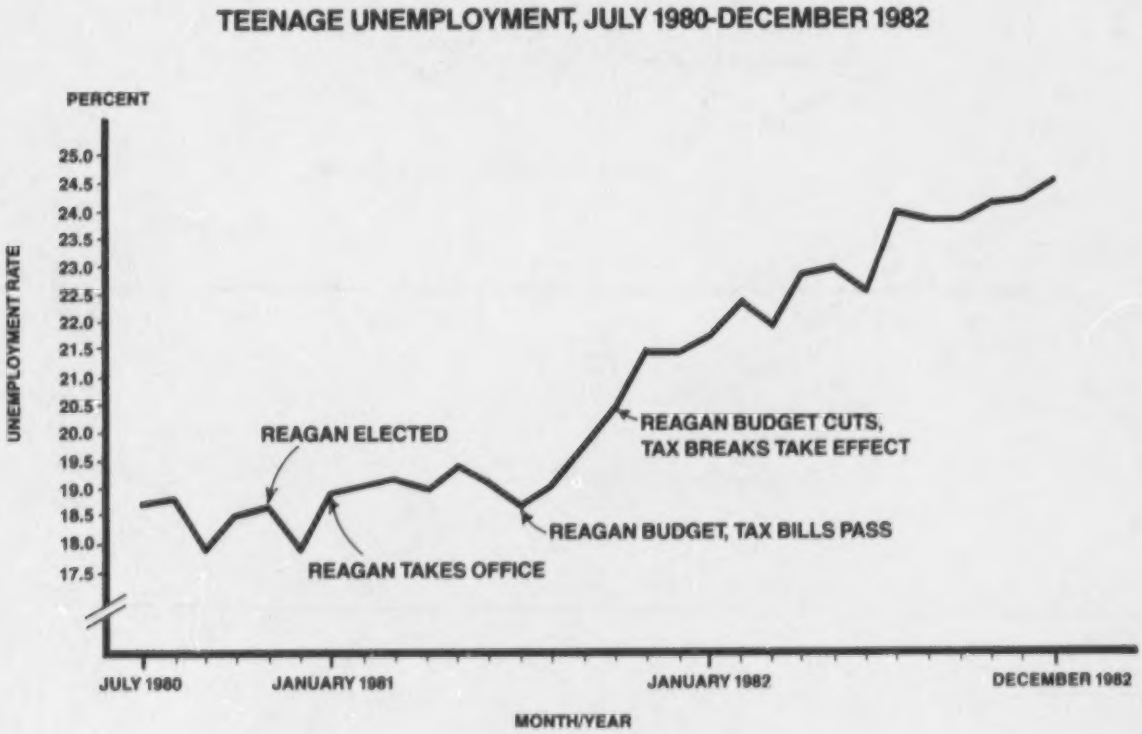
SOURCE: U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

REAGAN MYTH #2: HE IS SERIOUS ABOUT HELPING TEENAGERS FIND GAINFUL EMPLOYMENT

REALITY:

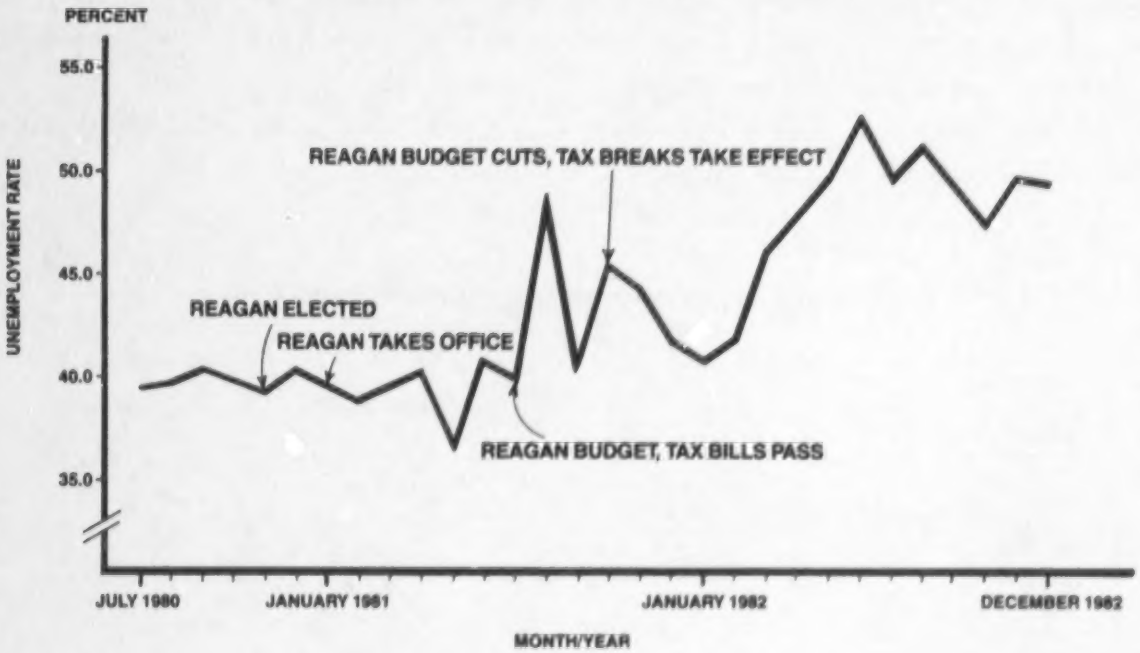
Although the Administration record on children is demonstrably dismal, the failure to respond in any adequate fashion to massive youth joblessness is both shortsighted and callous. Reducing the minimum wage for teens is not going to create many new jobs. Rather it will simply encourage competition between teens and adults for the few jobs that exist.

The charts that follow show the steady growth in overall youth joblessness rates and in black teenage rates.



SOURCE: U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

BLACK TEENAGE UNEMPLOYMENT, JULY 1980-DECEMBER 1982



REAGAN MYTH #3: WE ARE ONLY CUTTING THE RATE OF INCREASE AND NOT ACTUAL PROGRAMS AND SERVICES

REALITY:

President Reagan is correct if he refers to the whole domestic budget, which includes interest paid on the national debt. He is right if he refers to all entitlement programs, which include the programs that go primarily to the non poor like military pensions or social security. But he is wrong when he implies that children's and poor people's programs are not being actually cut. By mixing those relatively small but critical human services programs into a pot that contains social security, military retirement, civil service retirement, Medicare, the Commodity Credit Corporation costs of crop surplus payments (they are an individual entitlement, too, and are so counted in the President's claim), he can always show that he is only "slowing growth." Here are real no-inflation-adjustment outlays for FY 1983 and FY 1984 for our priority entitlement programs, most of which are means tested, for one year alone:

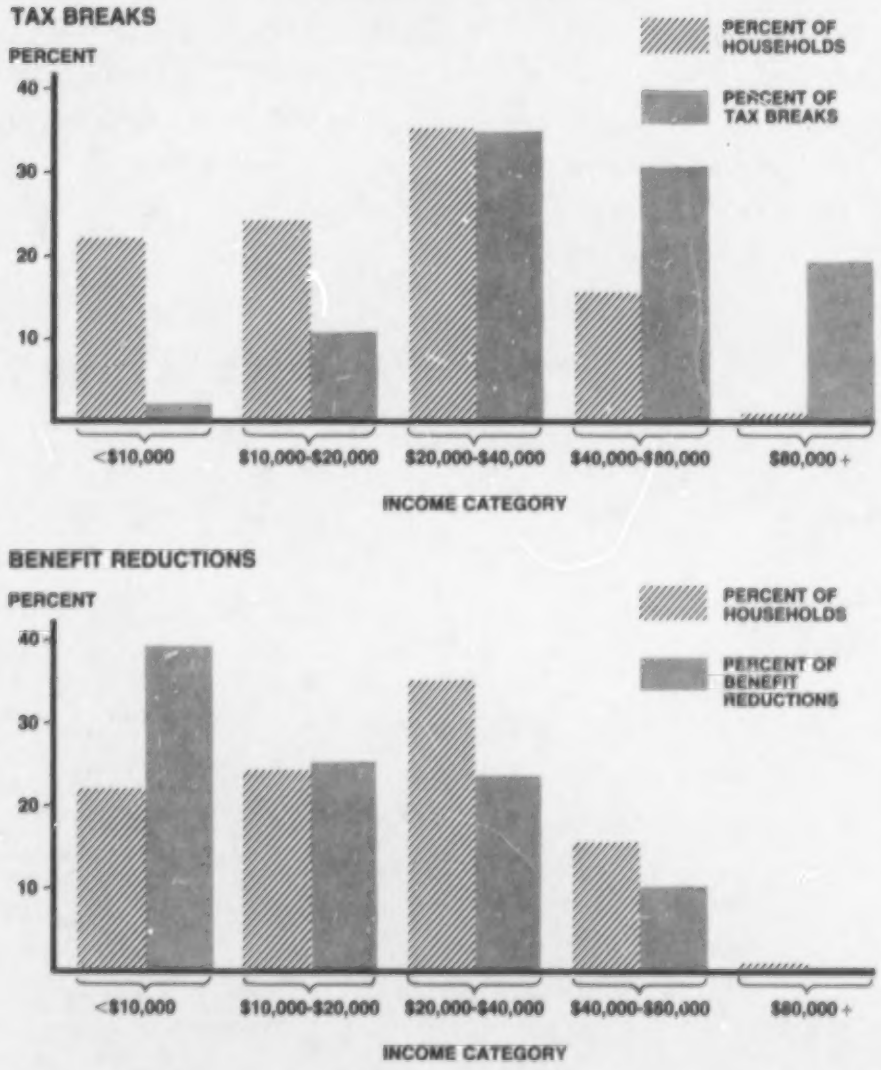
	FY 1983 (millions)	FY 1984 (millions)	Difference
AFDC	$ 8,224	$ 7,531	-$ 693
SSI	7,412	7,168	- 244
Food Stamps	12,825	11,739	- 1,086
Low Income Energy	1,963	1,398	- 565
Child Nutrition	5,008	4,583	- 425
Higher Education	5,920	5,476	- 444
Subtotal	$35,432	$30,364	-$5,068
Medicaid	19,333	20,799	+ 1,466
Subsidized and Public Housing	9,325	10,052	+ 727
Total	$64,090	$61,215	-$2,875

REAGAN MYTH #4: HIS POLICIES ARE FAIR

REALITY:

The chart below shows the unfair distribution of taxes and benefits of Reagan policies. This entire book shows the unfair burden children and the poor have been forced to bear.

CHANGES IN TAXES AND BENEFIT PAYMENTS, 1983, BY HOUSEHOLD INCOME

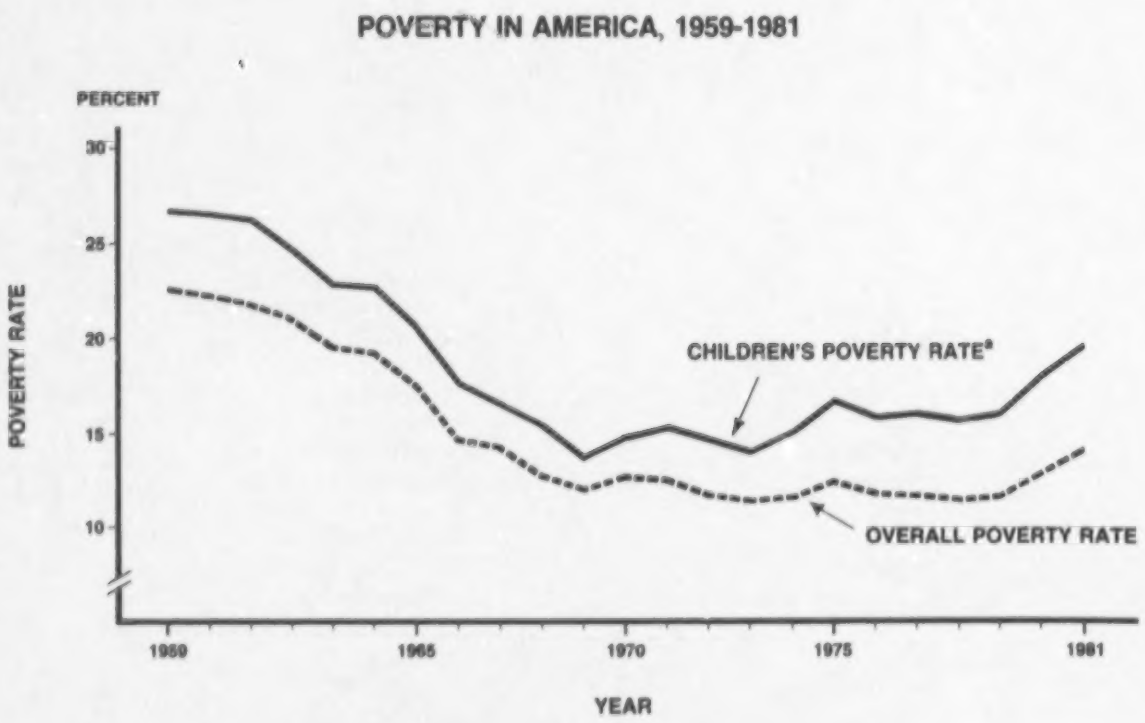


SOURCE: CONGRESSIONAL BUDGET OFFICE

REAGAN MYTH #5: THE POOR ARE BEING PROTECTED. A SAFETY NET IS IN PLACE.

REALITY:

In the past two years, more than 6 million Americans have fallen into poverty. As the cuts outlined in the Overview show, the poor, including poor children, have been devastated rather than helped during this period by Reagan policies.



*DOES NOT INCLUDE CHILDREN NOT LIVING IN FAMILIES OR MARRIED INDIVIDUALS UNDER AGE 18.

SOURCE: U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS.

REAGAN MYTH #6: STATE AND LOCAL GOVERNMENTS ARE ABLE/WILLING TO PICK UP THE GAPS LEFT BY FEDERAL PROGRAM CUTBACKS

REALITY:

Some states are able and not willing. Some states may be willing but not able. Others are neither. None has indicated they can close all the gaps left by billions of federal social program cutbacks.

ANTICIPATED STATE YEAR-END BALANCES, FY 1983
($ millions)

Alabama	$ 0	Montana	$ 34
Alaska	303	Nebraska	41
Arizona	15	Nevada	28
Arkansas	0	New Hampshire	-21
California	-1,651	New Jersey	-77
Colorado	-28	New Mexico	90
Connecticut	2	New York	-530
Delaware	51	North Carolina	0
Florida	0	North Dakota	10
Georgia	0	Ohio	0
Hawaii	52	Oklahoma	79
Idaho	3	Oregon	8
Illinois	190	Pennsylvania	-164
Indiana	18	Rhode Island	1
Iowa	10	South Carolina	31
Kansas	0	South Dakota	6
Kentucky	46	Tennessee	47
Louisiana	21	Texas	513
Maine	16	Utah	8
Maryland	0	Vermont	-3
Massachusetts	8	Virginia	-83
Michigan	0	Washington	9
Minnesota	49	West Virginia	0
Mississippi	21	Wisconsin	-266
Missouri	63	Wyoming	112
		TOTAL	-938

Source: National Governors' Association.

REAGAN MYTH #7: GROWING DEFICITS ARE ALL THE FAULT OF PREVIOUS ADMINISTRATIONS

REALITY:

At the end of the Eisenhower Administration (September 1960) the federal debt "held by the public" was $237.2 billion. At the end of President Carter's last fiscal year (September 1981), it had increased to $794.4 billion. In twenty years, the federal debt more than tripled. However, if we compare it to private corporations for the same period, commercial and industrial loans outstanding from the major banks rose from $33.0 billion to $188.7 billion. Private business increased its debt almost six times, or almost twice as fast as the federal government did. If private business sets the standards for what is good debt management, then perhaps the federal deficits were not too worrisome.

If we compare the federal debt to household budgets rather than business practices, from President Eisenhower through President Carter, consumer installment debt increased from $41.8 billion to $325.5 billion, an eight fold increase, here a growth rate more than twice as large as that of the federal debt.

Putting aside whether the federal government has been more than twice as frugal as American business or the American family, are there explanations for growing government debt? Well, why did you the consumer owe more money in 1981 than you did back in 1960 Back in 1960, the prices of the things you borrowed money to buy were a little lower than they were in 1981. And, besides, in 1960 you were probably just a single person starting out in the labor market, while today you are a family where both you and your spouse work, and one of your teenaged children as well, if you are lucky. Of course, the amount of debt your family carries has increased. Well, the federal debt increased for the same reasons. We have a lot more people in our national family today than we did in 1960, and the prices of the things government buys, and borrows in order to buy, have increased.

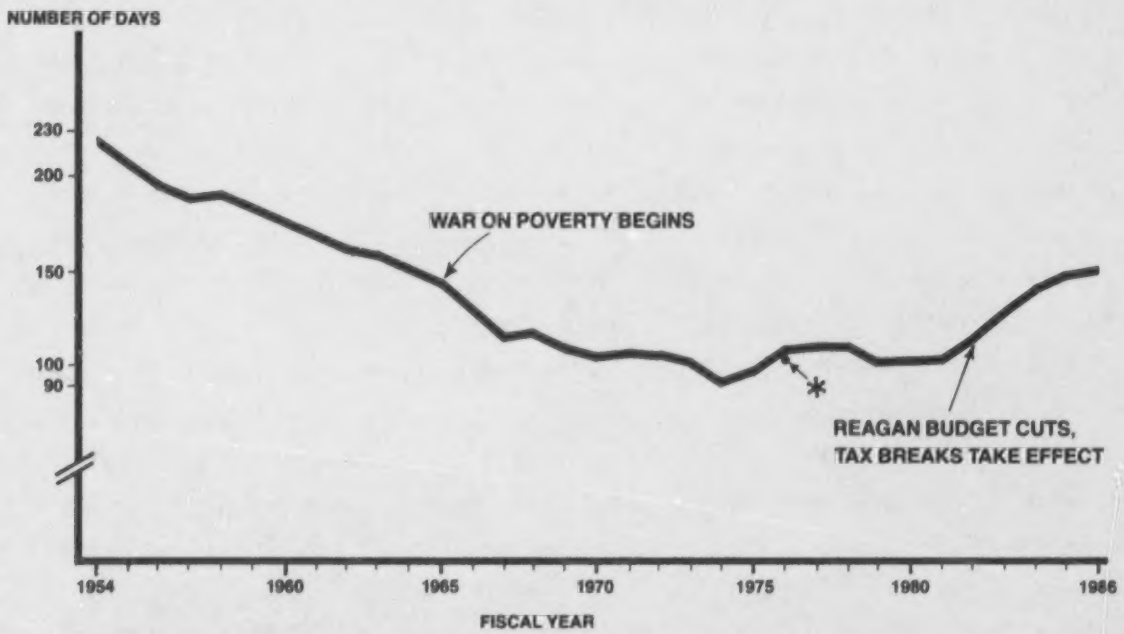
We suggest that a better way to look at the growth in federal debt over time is in real per capita dollars -- 1981 dollars. Under Eisenhower, the national debt (in 1981 dollars, reflected by the index for government purchase) was $4,870 for each of the 160 million Americans. In 1981, it was $3,457 for each of the 230 million of us. The real per capita national debt had fallen by $1,300 (1981) dollars, or almost 30 percent. Viewed as a family, our federal government was in pretty good shape.

Of course, our family banker does not care about the growing size of our family or the increase in prices. Our banker looks primarily at the ratio of debt to annual gross income. The corresponding figure for the federal government would be the ratio of federal debt to the gross national product. In 1960, it would have taken us 174 days of national income to pay off the national debt; in 1981 it would have taken us 101 days, a decrease of almost 42 percent. So even our family banker ought not to have been too worried about the financial soundness of the federal government when President Reagan took office.

President Reagan, however, was not pleased. In fact he seemed to look on those 20 years as a national tragedy, and said he was resolved to do something about it. At the time, many of us thought he really believed the things he had been saying about the national debt and might really try to run annual surpluses and reduce the deficits. We know better now.

President Reagan's first big step was to insist on an enormous tax cut without any compensating reduction in spending. It's true that he cut billions from programs for children and the poor but he added it and more to military spending. These combined with the economy's downturn have escalated our debt as the charts below show.

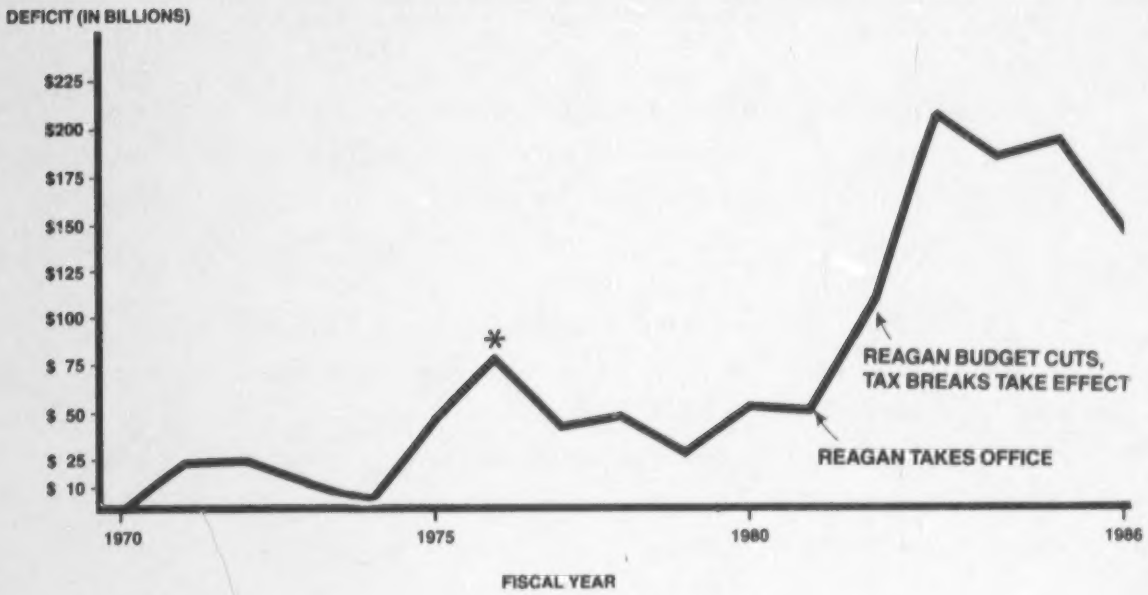
NUMBER OF DAYS TO PAY OFF THE NATIONAL DEBT, FY 1954-FY 1986[a]



[a]FY 1983-FY 1986 ESTIMATED
*FY 1976 TRANSITION QUARTER

SOURCE: OFFICE OF MANAGEMENT AND BUDGET

THE FEDERAL BUDGET DEFICIT, FY 1970-FY 1986[a]



[a]FY 1983-FY 1986 ESTIMATED
*INCLUDES FY 1976 TRANSITION QUARTER

SOURCE: OFFICE OF MANAGEMENT AND BUDGET

REAGAN MYTH #8: GOVERNMENT IS THE PROBLEM. FEDERAL PROGRAMS HAVE BEEN COSTLY FAILURES.

REALITY:

The debate about government responsibility for meeting the needs of its citizens, especially those who are less fortunate or dependent, has raged throughout our history. The national response, as it has evolved over many decades, generally has been characterized by compassion and extension of opportunity.

The notion that "Federal Poverty Programs have not worked" has been repeated so often, people not only think it is true, they even think they know what it means. Too few think about the fact that the majority of federal protections for children President Reagan would tear down overnight, had nothing to do with the 1960s War on Poverty, but have been built, plank by plank, for a long time.

- AFDC was enacted under President Roosevelt in 1935.
- The Maternal and Child Health program derives from the Sheppard-Towner Act enacted under President Harding, lapsed under Hoover, and was reinstated in 1935 under Roosevelt.
- Federal food stamps (then called "rations") were first authorized in 1865 under President Lincoln. The present program is an option enacted in 1964 (under President Johnson) in a commodity distribution program passed under President Eisenhower in 1958.
- Vocational education traces back to the Smith-Hughes Act of 1917, passed under President Wilson.
- Medicaid derives from the medical reimbursement feature in Roosevelt's 1935 AFDC program, but federal standards were imposed in 1965 under President Johnson.
- Federal support for foster care also began in 1935 under President Roosevelt. Improvements were made in 1980 with broad bipartisan support.
- The School Lunch Program began in 1946 under President Truman.
- Children's mental health programs almost belongs on this list: a bill inspired by Dorothy Dix that would have provided federal funding for mental health services passed both houses of Congress in 1854, was vetoed by President Pierce.

Half the presidents named above were Republicans. Most of the programs President Reagan would cut or "swap" were created or strengthened by President Nixon's New Federalism. He claimed the Great Society poverty programs did not work and that his programs -- all in the form of block grants -- would. CETA, Community Development Block Grants, Title XX, Emergency School Assistance Act, WIN, and others were all created by President Nixon with the cry that "the Federal Poverty Programs haven't worked." President Nixon proposed his transfers to state control under the doctrine that we could trust state and local governments to do a better job. But CETA was riddled with political scandals until it was reformed in 1978, and still disproportionately excludes the very poor. WIN seldom transferred AFDC recipients to private sector jobs, although federally supervised demonstrations showed that it could work. Title XX varied greatly from state to state, and was subject to financial manipulation by state governments (not clients, but governments) to the point that it became unauditable.

Lost among these programs that either precede 1960 or were the creations of President Nixon's New Federalism, are a handful of real children's "poverty programs" that survived the Nixon scrutiny of effectiveness. They work and will save American taxpayers money in the future through preventive investment now. Yet President Reagan would wipe them all out. These include:

Title I of the Elementary and Secondary Education Act of 1965: It has eliminated over 40 percent of the difference in reading achievement between 9-year-old Black and White children.

The Civil Rights Act. When it was passed in 1964, a Black high school graduate had about one-half the chance of attending college as a White high school graduate. Today the chances are equal.

Head Start was created in 1965. Today, Head Start has dozens of positive evaluations in every aspect of a child's development. Long-term studies have shown that, by preventing later handicaps and repeated grades, Head Start actually leads to a net reduction in public cost.

The Early and Periodic, Screening, Diagnosis, and Treatment Program (EPSDT), added to Medicaid in 1967, has proven to be a spectacularly good investment. A Texas study showed that the state saved $8 in avoided health costs for every $1 spent on preventive services to children; a North Dakota study showed that more than one third of all Medicaid costs were eliminated among screened children.

These are the true "poverty programs" for children. They have been very good investments for our nation and our nation's children.

REAGAN MYTH #9: VOLUNTEERS CAN PLUG THE GAP LEFT BY FEDERAL FUNDING DECREASE

REALITY:

No one who works in human services will ever underestimate the value of volunteers, who make an essential contribution in virtually every service related to children. But volunteers cannot replace the federal support the Reagan Administration is taking away in important social programs. Hospital volunteers can help reduce the emotional distress of millions of children but they cannot make the incisions or pay the hospital bills.

School volunteers can help but not replace the teachers, materials, and programs that Title I children lost in September when the 37 percent FY 1982 cut in this program for disadvantaged children was felt. This cut will eliminate almost 73,000 teachers, teachers aides, and related workers. Title I has more than 300,000 volunteers today. But each volunteer works only about 110 hours per year, and thus it would take more than 700,000 volunteers to restore the program losses if volunteers who could replace trained teachers could be found. Title I simply cannot more than triple its number of volunteers to cover the single year's cut already made.

Foster Grandparents, although appreciated, cannot replace the CETA workers eliminated by FY 1982 Administration cuts. Head Start had 6,000 CETA workers in centers all across the country, most of them from the now abolished Public Service Employment components of CETA. They drove buses, prepared meals, performed outreach, and worked in the classrooms. We estimate that they served about 50,000 Head Start children. The federal government had not allowed for the loss of the labor the CETA workers were providing when it abolished the program, and so it was surprised as Head Start reports showed drastic reductions in the numbers of children to be served. But having discovered the problem, the Reagan Administration quickly turned to the voluntary sector to make up the loss. From the Foster Grandparent program 45 volunteers were found. Each would work with a single child. That left 49,955 children unserved. Another 600 volunteers were found from the Retired Senior Volunteer Program (RSVP), who would serve perhaps another 5,000 children. Thus, only 44,355 -- 90 percent -- of the original 50,000 were left unserved. Head Start was charged $275,000 by the Foster Grandparent and RSVP programs.

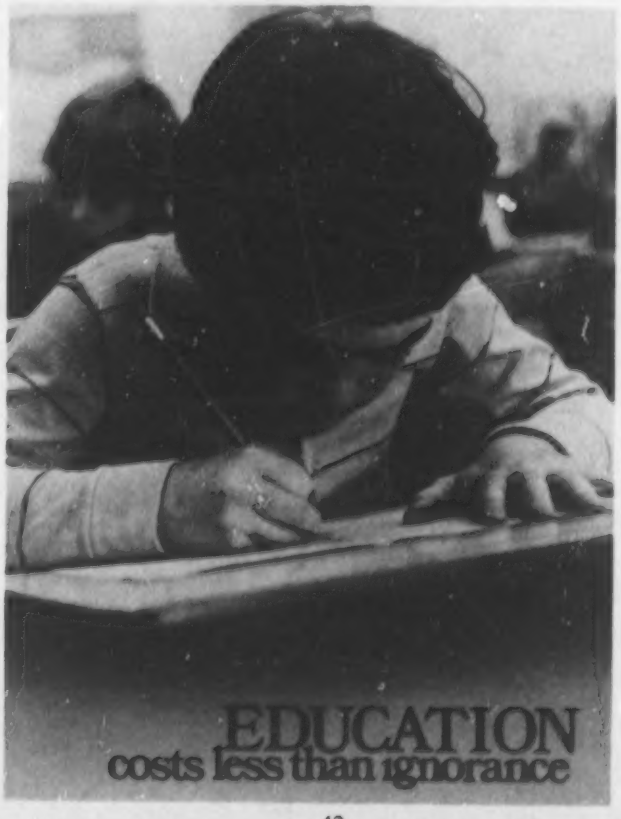
In fact, Head Start -- a community based program founded upon parental participation -- has always had an exemplary volunteer corps. It has more than 240,000 volunteers each year. The federal effort to replace the abolished CETA workers expanded that corps by 0.3 percent, at a cost of more than a quarter of a million dollars. It was not enough.

We would also point out that the state of the economy is seriously shrinking the number of volunteers today as more and more mothers and grandmothers are having to seek paid employment to make ends meet.

CHAPTER 3

A POSITIVE PROGRAM FOR CHILDREN

This chapter sets out three specific parts of a positive program for children: what the Congress can do, including the Children's Survival Bill and alternative budget cuts, what the states can do, and what local citizens and advocates can do, including a sample letter, petition, and resolution. The three sections offer alternatives to the President's budget -- and course -- for FY 1984.



The Children's Survival Bill: A Positive Platform for FY 1984

The Children's Survival Bill provides an affirmative, but modest, agenda for children and families that we hope will serve as a rallying point to promote key programs for children in the Congress during 1983.

Title I of the Bill is a package of incremental proposals to strengthen programs for children and remove some of the anti-work anti-family policies now in place. It constitutes a serious selection of efficient and cost-effective programs for children in the areas of child welfare, child care, health care, education, family income and social service supports, youth employment, nutrition, runaway youth, and juvenile justice.

For example, Section 103(f) would increase spending $66 million in the Special Supplemental Food Program for Women, Infants, and Children (WIC) to provide food supplements and nutritional counseling to 100,000 more pregnant women, infants, and young children. Data show savings of $3.00 in hospital costs for every $1.00 spent on pregnant women in this program. Section 102(a) would add $101 million to Head Start to expand enrollment by 20,000 children and maintain quality services. Head Start has resulted in long-lasting improvement in school performance and the health of participating youngsters.

Title II is a package of proposals to raise at least as much revenue as would be needed to fund Title I through cutbacks in nonsecurity related defense spending, plugs in tax loopholes, and other tax actions. By matching increased spending with revenue sources, the Bill contributes to the national debate on priority setting and tradeoffs in federal spending. Title I would cost $5.7 billion; Title II would raise over $7 billion.

Congressional committee jurisdictions will probably prevent this Bill from being acted on as a whole. But it provides legislators many positive proposals to advance during the legislative session as opportunities arise. Individuals and organizations that care about children should contact members of Congress about the Children's Survival Bill and urge them to enact these proposals for children.

Because of the projected size of the deficit, the pressure is increasing for children's programs to suffer even more cuts this year. Therefore, it is essential to make members of Congress aware of the need to shore up, not cut, effective and preventive children's programs.

A section-by-section summary of the Bill follows. For more information contact Terri Gilbert or the following CDF staff members on particular sections: Title I: Section 101, MaryLee Allen; Section 102, Helen Blank; Section 103, Judy Weitz; Section 104, Bette Hamilton; Section 105, Helen Blank; Section 106, MaryLee Allen; Section 107, Bette Hamilton. Title II: Paul Smith.

CHILDREN'S SURVIVAL BILL—FEDERAL FY 1984 BUDGET

Section-by-Section Summary

Title I: Essential Preventive Programs for Children

Section 101: Child Welfare, Runaway Youth, Juvenile Justice, and Adoption

(a) ***Child Welfare Services:*** Provides $266 million (an increase of $102 million) for Title IV-B child welfare services for the approximately 500,000 children in foster care in this country.

(b) ***Foster Care:*** Continues federal funding for children whose parents voluntarily place them in publicly supported foster care, provided that various protections are afforded to the parents and children. Unless this provision is enacted, the program will cease in FY 1984.

(c) ***Child Abuse Prevention and Adoption Opportunities:*** Provides $39 million (an increase of $20 million) for the Child Abuse Prevention and Treatment and Adoption Reform Act to assist the 1.5 million American children who are victims of child abuse and neglect and to promote the adoption of children with special needs, such as physical, mental, and emotional handicaps.

(d) ***Juvenile Justice and Delinquency Prevention:*** Provides $200 million (an increase of $130 million) for Title I of the Juvenile Justice and Deliquency Prevention Act to assist states to remove children from adult jails and nondelinquent children from locked detention facilities.

(e) ***Runaway and Homeless Youth:*** Provides $50 million (an increase of $32 million) for the Runaway and Homeless Youth Program to allow for more shelters and support services for the 1.5 to 2 million youth who leave or are forced from their homes each year. Last year the act served nearly 180,000 children.

Section 102: Child Care

(a) ***Head Start:*** Provides $1.058 billion (an increase of $101 million) for the Head Start program to expand enrollment by 20,000 children and maintain quality services. Head Start now reaches less than 20 percent of all eligible children (approximately 377,000 children).

(b) ***Child Care Food Program:*** Provides approximately $400 million (an increase of $110 million) for the Child Care Food Program to aid operation of the program in child care centers and family day care homes and restore meals and eligibility levels for the almost 900,000 children this program serves.

(c) ***Title XX Child Care:*** Provides $200 million especially for child care under Title XX of the Social Security Act, so that many low-income families who lost child care as a result of cuts in Title XX can have access to it again.

(d) ***Child Care Tax Credit:*** Amends the child care tax credit so that it becomes "refundable" and families whose incomes are too low to pay taxes will receive a cash payment instead of a tax credit. Also raises the maximum credit for a low-income

Bill cont'd.

family from 30 percent to 50 percent of child care expenses. These two changes could benefit over 1 million children and cost about $350 million.

(e) ***Nonprofit Status for Child Care Programs:*** Amends federal tax law to make it easier for child care facilities, like after school and infant care centers, to qualify for exemption from federal income tax under Section 501 (c)(3) as long as they are open to the general public to serve children of working parents.

(f) ***AFDC Child Care Expenses:*** See description of Section 106 (h) of this Bill.

Section 103: Health Care for Mothers and Children

(a) ***Maternal and Child Health Block Grant:*** Provides $456.2 million (an increase of $83.2 million) to restore funding to the block grant and help many low-income mothers and children receive basic prenatal care, checkups, immunizations, and other essential services.

(b) ***Primary Care Block Grant:*** Provides $327 million (an increase of $44.75 million) to fund community health centers, particularly those in medically underserved urban and rural areas. Studies show community health centers deliver high quality care that can reduce hospitalization rates between 25 and 44 percent.

(c) ***Family Planning:*** Provides $156 million (an increase of $31.2 million) to fund Family Planning services to provide essential health, planning, and education services to over one million young women and mothers. In 1982 this program yielded savings of $1.80 for every $1.00 invested.

(d) ***Immunizations:*** Provides additional funding to immunize children against polio, diphtheria, measles, tetanus, whooping cough, and mumps. Because of budget cuts and increases in the cost of vaccines, 2.1 million fewer children received immunizations in 1982 than in 1981.

(e) ***Medicaid Eligibility of Pregnant Women and Children in Two-Parent Families:*** Requires states to provide Medicaid to all children and pregnant women who meet a state's income and resource standards. Roughly 500,000 of these poor pregnant women and children are now excluded from the program because they are part of two-parent families. This will cost about $160 million.

Services to Infants: Automatically enrolls eligible infants in Medicaid for two months, if the mother has already been found eligible at the time of the child's birth. This would prevent any delay in the delivery of crucial services to newborns because of bureaucratic redtape.

Eligibility for Child Care Recipients. Provides Medicaid to working poor families who use state-funded child care and whose wages put them just above the income eligibility level for a state's Medicaid program. This provision would benefit some 66,000 children and families and cost about $35 million.

Vision, Dental, and Hearing Services Under Medicaid: Requires states to provide vision, dental, and hearing services to all children on Medicaid who need them. Now these services are optional and many states do not provide them. This would benefit almost 750,000 children at a cost of some $135 million.

(f) ***Supplemental Food (Women, Infants, and Children):*** Provides $1.126 billion (an increase of $66 million) for the WIC program so that some 2 million low-income women, infants, and children at risk of nutritional deficiencies can receive food supplements and nutrition counseling. This increase would serve over 100,000 women, infants, and children and bring the total served by WIC back to the FY 1982 level.

Section 104: Education

(a) ***Education of Disadvantaged Children:*** Provides $3.48 billion (an increase of $320 million) for Chapter I of the Education Consolidation and Improvement Act, the former Title I compensatory education program, to allow 600,000 children who have been cut from this remedial math and reading program to have a chance for improved literacy and educational achievement. Even then, only a fraction of all eligible children will be served.

(b) ***Education of Handicapped Children:*** Provides $1.018 billion (an additional $48 million) for the Education for All Handicapped Children Act (Part B) so that states continue to have an incentive to educate these vulnerable children and prepare them to be independent, self-supporting adults.

Section 105: Child Nutrition

(a) ***School Food:*** Improves eligibility and reimbursement levels for the school lunch, school breakfast, and child care food programs. These changes would benefit over 20 million children and cost approximately $500 million.

(b) ***Food Stamps—Work Related Expenses:*** Restores from 18 percent to 20 percent the proportion of wages that a working poor family can allocate to work-related expenses and taxes; this larger amount is then subtracted from the family's total income in determining its eligiblity for food stamps. Since 1981, when this work incentive was lowered, 1.3 million working families have lost all or some food stamps. The estimated cost is $50 million.

(c) ***Food Stamps—State Option for Monthly Reporting and Retrospective Accounting:*** Converts these burdensome and costly federal mandatory procedures into a state option and requires those states that elect retrospective accounting to provide supplemental benefits for families that experience a sudden significant loss of income and would be harmed by the state's accounting method. Estimated cost is 0 to $100 million.

(d) ***Food Stamps—Raising the Benefit Amount:*** Returns the average benefit level to 45 cents per meal, a benefit still so low that Department of Agriculture studies show it is hard for families to obtain the recommended daily allowances for nutrients from food expenditures at this level. The provision would cost about $170 million.

Section 106: Family Support

(a) ***Social Services:*** Provides $3.3 billion (an increase of $800 million) for the Social Services Block Grant (Title XX) to help provide homemaker services, crisis assistance, child care, and other support services for poor families, especially the working poor who have children or other household members with special needs. This includes the $200 million earmarked for child care by section 102(c) of this Bill.

(b) ***Tax Relief for Working Families:*** Reduces the federal income tax rate from 12.5 percent to 10 percent for families with incomes between $6,000 and $10,000 who claim the Earned Income Tax Credit. This would provide a small amount of extra in-

come for working families struggling to survive on minimal wages. It would cost about $325 million.

(c) ***Tax Relief for Working Families with Dependent Children:*** Increases the Earned Income Tax Credit for working families by $50 for each dependent child and by an additional $50 for each child under age six. This change is necessary because the credit does not now reflect the number of children in a family. The provision also repeals a 1981 requirement that the credit be counted in advance as income for purposes of determining AFDC grants. The total cost of both changes is approximately $451 million.

(d) ***AFDC-State Option for Retrospective Budgeting and Monthly Reporting:*** Converts mandatory retrospective budgeting and monthly reporting imposed on states and recipients in 1981 into a state option, and ensures that families who experience a sudden or drastic loss in income do not have to wait two months for the AFDC grants to reflect their current actual need because of retrospective budgeting. The cost is some $200 million.

(e) ***AFDC—Eliminating the Limit on Work Incentives:*** Allows AFDC recipients who have jobs that provide a minimal income to retain a modest portion of their income in addition to their AFDC grant during the *full* duration of their employment. This work incentive recently was limited to the first four months of employment. The provision would cost roughly $210 million.

(f) ***AFDC—Restoring the Net Income Basis for Eligibility:*** Removes the 1981-imposed absolute gross income ceiling (150 percent of a state's "standard of need") on AFDC eligibility. This would allow very poor working families whose gross income is below the poverty line but above the current ceiling to continue to work and receive some AFDC, Medicaid, and Food Stamp benefits if their net income after deducting child care and work expenses meets state standards. More than 100,000 working families have lost AFDC because of the 150 percent limitation, and many have also lost Medicaid. The cost of this change is some $75 million.

(g) ***AFDC—Work Expenses (Other Than Child Care):*** Raises from $75 per month to 20 percent of gross earnings (up to $175 per month) the maximum amount of actual work-related expenses other than child care that can be subtracted from earned income in calculating AFDC eligibility and benefit levels. This provision would benefit 300,000 families and cost some $25 million.

(h) ***AFDC—Child Care Expenses:*** Raises from $160 to $200 per month per child the maximum amount of child care expenses that can be subtracted from a family's earned income in calculating AFDC eligibility and benefit levels. The present cap, imposed in 1981, has proven too low for many families seeking to use child care centers. This provision would benefit about 150,000 children and cost under $40 million.

Section 107: Youth Employment

Provides a total of $4.5 billion for training programs included under the new Job Training Partnership Act, P.L. 97-300. The additional $700 million in funds over the FY 1983 level for training programs would be targeted on the Summer Youth Program and the Title II-A local training program, at least 40 percent of whose participants must be under age 22. This would allow some 50,000 teenagers to be added to the training program.

Title II: Elimination and Reform of Non-Essential Subsidies and Expenditures

Note: Exact contents of Title II and the possibility of additional sections will be determined pending availability of additional budget information. Types of items to be added for repeal include a variety of public works projects, certain crop subsidies, the inflation increase in U.S. Information Agency budget, and excessive administrative costs in several programs.

Section 201: Excise Taxes

(a) ***Jewelry and Furs:*** In 1965 Congress repealed 10 percent excise taxes on these and other luxury items. This section would reinstate the taxes on jewelry and furs—each estimated to produce about $1 billion of revenue in 1983—but not those on luggage and toilet articles.

(b) ***Liquor:*** The liquor tax of $10.50 per gallon has not been changed since 1951. Doubling it to $21 would raise an estimated $2.4 billion in 1983.

(c) ***Boats:*** This section would place a 10 percent excise tax on the sale of all recreational boats and generate an estimate $100 million in revenue.

Section 202: Tax Expenditures

(a) ***Targeting Corporate Tax Rates to Small Business:*** Regardless of size, all U.S. corporations now are taxed at a reduced rate on their first $100,000 of income. This provision would move toward reaffirming the original purpose of the tax break by continuing to provide the lower rates for corporations with a net income of under $600,000; all others would pay a flat tax of 46 percent on all income. This would raise an estimated $500 million in revenue.

(b) ***Business Meals and Entertainment:*** An estimated $3.73 billion will be lost to the Treasury in FY 1983 because the total cost of business meals and entertainment can be deducted under current law. At a time when children and families are giving up meals essential to minimal health and nutrition, fiscal austerity should also extend to business' meals and entertainment subsidized by this deduction. This provision would tax only 30 percent of the cost of those meals and entertainment, raising $1.2 billion.

Section 203: Reduction of Non-Essential Defense Expenditures

(a) ***Vets for Pets:*** The Secretary of Defense would be prohibited by this section from providing free veterinary care for the pets of members of the Armed Forces or their dependents. About $3.2 million—more than enough to compensate for the fiscal 1982 cutbacks in funds for immunizing children—would be saved.

(b) ***Military Dining Rooms:*** This section would eliminate the public subsidy—estimated at $1.7 million for 1983—to individuals who dine in five Pentagon dining rooms.

(c) ***Personal Servants:*** The $5 million program providing personal servants (butlers, valets, etc.) to armed forces personnel would be terminated by this section.

(d) ***Low-Priority Messages:*** This section would require the armed forces to send low priority messages by mail rather than teletype, saving an estimated $20 million in fiscal 1983.

Bill cont'd.

(e) ***Elimination of Dual Pay for Reservists:*** Federal civilian employees who are reservists in the armed forces receive both civilian and military pay during their two-week annual period of active duty for training. They also receive their regular vacation entitlement. Elimination of this form of "double dipping" would save some $60 million in 1983.

(f) ***Military Morale Program:*** The Military Morale, Welfare and Recreational Fund operates activities ranging from riding stables to golf courses to liquor stores on military facilities. This system costs more than $750 million in appropriated funds and another $1 to $2 billion in lost taxes and revenues because prices charged are less than free market prices. This provision would require that wherever possible these activities be operated by civilians at civilian prices. It would ensure that benefits appropriate to an employer or of special value to the military would be supported by appropriations. An estimated $750 million would be saved by this provision.

BUDGET SUMMARY, FY 1984*
(dollars in millions)

TITLE I: ESSENTIAL PREVENTIVE PROGRAMS FOR CHILDREN

Section 101: Child Welfare, Adoption, and Juvenile Justice	
a. Child Welfare Services	$ 102
b. Foster Care	0
c. Child Abuse Prevention and Adoption Opportunities	20
d. Juvenile Delinquency Prevention	130
e. Runaway and Homeless Youths	32
Section 102: Child Care	
a. Head Start	101
b. Child Care Food Program	110
c. Title XX Child Care	200
d. Child Care Tax Credit	350
Section 103: Health Care for Mothers and Children	
a. Maternal and Child Health Block Grant	83
b. Primary Care Block Grant Extension	45
c. Family Planning	31
d. Immunizations	4
e. Medicaid	330
f. Supplemental Food (Women, Infants and Children)	66
Section 104: Education	
a. Education of Disadvantaged Children	320
b. Education of Handicapped Children	48
Section 105: Nutrition	
a. School Food	500
b. Food Stamps--Work Related Expenses	50
c. Food Stamps--Monthly Reporting and Retrospective Accounting	100
d. Food Stamps--Benefit Amount	170
Section 106: Family Supports	
a. Social Services	800
b. Tax Relief for Working Families	325
c. EITC--Dependent Child Credit	451
d. AFDC--Retrospective Budgeting Repeal	200
e. AFDC--Eliminating Limitation on Work Incentive	210
f. AFDC--Elimination of Eligibility Limit	75
g. AFDC--Work Expenses	25
h. AFDC--Child Care Expenses	40
Section 107: Youth Employment and Training	
Summer Jobs for Youth	700
TOTAL	$5,610

TITLE II: ELIMINATION AND REFORM OF NONESSENTIAL SUBSIDIES AND EXPENDITURES
(Additional Provisions Will Be Added in the Future)

Section 201: Excise Taxes	
a. Jewelry and Furs	$2,000
b. Liquor	2,400
c. Boats	100
Section 202: Tax Expenditures	
a. Targeting Corporate Tax Rates to Small Business	500
b. Business Meals & Entertainment	1,200
Section 203: Reduction of Nonessential Defense Expenditures	
a. Vets for Pets	3
b. Military Dining Rooms	2
c. Personal Servants	5
d. Low-Priority Messages	20
e. Elimination of Dual Pay for Reservists	60
f. Military Morale Program	750
TOTAL	$7,040 (to be increased)

*Note: The figures included in the Budget Summary represent the increases in spending over projected FY 1984 levels caused by the provisions of the Children's Survival Bill. That is, they are the increase over what would be spent if FY 1983 programs were continued as is, but adjusted for inflation, in FY 1984. At this time, they can only be general approximations since final operating levels for FY 1983 are not out and since we cannot be certain what inflation rate to use to project FY 1983 policy into FY 1984 dollars.

Entitlement (e.g., AFDC, Food Stamps, Medicaid) increases are based on available data about projected numbers of participants and present costs adjusted by a 5 percent inflation rate for FY 1982 and 1983. Block grants and categorical program increases are based on the Continuing Resolution level (in effect December 1, 1982) and a 5 percent inflation rate for FY 1982 and 1983. In conformance with CBO and Administration practice, no inflation rate was applied to determine the base cost for demonstration grant programs.

Since none of the basic numbers is firm, our calculation of increases cannot be firm. However, our methods were aimed to overestimate the costs of Title I of the Bill and underestimate the revenue generated by Title II.

No one should be surprised to find that other estimates differ from ours by a factor of two. These are typically small marginal changes in computational or eligibility features of entitlement programs where no good documentation has ever existed; further, many imply changes in human behavior because new opportunities exist--and such changes are both unpredictable and highly dependent upon the detailed nature of program administration.

ALTERNATIVE BUDGET CUTS

In addition to the budget cuts suggested in Title II of the Children's Survival Bill and in the Overview of this book, we include here additional potential savings for congressional consideration.

The Military

Suspended Navy Ammunition: The Navy has $7 billion in conventional ammunition distributed on ships and at bases. When a ship returns to port, the ammunition it contains is unloaded and shipped to depots, to await reloading on a new ship. But sometimes the depots do not get around to unloading the freight cars and inspecting the ammunition so that it can be sent out again. The General Accounting Office found a depot with 106 rails cars of unchecked ammunition sitting in the rain. This was called "suspended ammunition" and some of it had been there for 18 months.

We propose that all depot ammunition and weapons be checked and, whenever possible, returned to active inventory within 90 days in the hope of saving the millions of dollars it would cost to replace them.

Savings: At least $200 million.

The Military Morale, Welfare, and Recreational Fund: The Military Morale, Welfare, and Recreational Fund runs a variety of activities. They range from riding stables to golf courses. Worldwide there are more than 1,000 "open messes" running bars and liquor stores on military facilities. This system costs more than $750 million a year in appropriated funds. We propose that morale, welfare and recreational activities be operated at civilian prices and by civilians wherever possible. The profits should be returned to the treasury as receipts. Direct appropriations should pay for those individual services and benefits that are appropriate to an employer or of special value to the military. However, the subsidy should be on a sliding scale to reflect the military families' ability to pay.

Savings: $750 million.

Operation of Secretary Weinberger's Private Dining Hall at the Pentagon on a Self-Sufficiency Basis:

Savings: $400,000.

Operation of Four Additional Pentagon Executive Dining Rooms on a Self-Sustaining Basis:

Savings: $1.3 million.

Partial Reductions in Weapon Systems:

- Bradley Fighting Vehicle. We plan to purchase 6,903 of them at $1,706,707 each. Each vehicle cancelled would pay for complete Medicaid services for 2,200 poor children.
- Copperhead Artillery Shell. We plan to purchase 44,706 of them at $35,147 each. For each shell we cancel, we can provide a year of Head Start to 14 children.
- CG-47 Aegis Cruiser. We plan to build 21 of them at $1,054,866,667 each. Cancelling one, and investing the funds, would produce enough interest each year to provide scholarships for 50,000 low-income college students forever.
- F/A-18 Hornet Attack Plane. We plan to build 1,377 of them at $25,630,501 each. For each one we cancel, we can provide child care for 12,800 children of low-income working women.

Taxes

Deferred Taxes for Shipping Companies: Shipping companies receive a special tax deferral that they can roll over year after year, and thus postpone paying their taxes forever. In FY 1984 this will cost us about $80 million. Every industry likes to have its own special tax break. But the shipping companies get so many subsidies directly and indirectly from the federal government that they just do not need this one too. We propose to end it.

Savings: $80 million in FY 1984.

Three-Martini Lunches:

Savings: $3 billion in FY 1984 if all "martinis" are nondeductible. $1.2 billion in FY 1984 by taxing only 30 percent of meals and entertainment.

Oil and Gas Depletion plus Sand and Clamshell Allowances: All the old tax breaks--excess depletion allowances--for oil and gas producers are still with us to the tune of $1.5 billion lost treasury dollars in FY 1984. Suppose an ordinary worker could deduct percentage depletion. Suppose he was 40 years old, made $20,000, and could expect to work another 25 years. He would not have to pay a tax on the whole $20,000 he earned. After all, he used up 4 percent of his working life to earn it, and his working life is an exhaustible asset. So he would deduct 4 percent of the value of his working life from the $20,000, plus any other work expenses, and only pay on what remained. He would clearly pay less tax than the rest of us. Well workers cannot do that, but oil wells can. As the special break is syndicated to high income individual taxpayers as a tax shelter, 75 percent of the tax loss comes in the form of reductions to individual income taxes, rather than corporate taxes. An even richer vein of tax avoidance is mined by "expensing" exploration and development costs, from which $5.1 billion will be drained from the Treasury in FY 1984. This device permits a 100 percent write-off of the costs of building a well in the first year of operation, rather than over the working life of the asset--which may exceed 20 years. Nearly one third is passed on to high income taxpayers as tax shelters. Since oil and gas seemed inexhaustible, this successful drain on the public purse has been expanded to other fuels, minerals, and even more "exhaustible" resources like sand and clamshells. These cost us an additional $1.2 billion in FY 1984. We propose that we end them all and really make a dent in the federal deficit or help children.

Savings: $7.8 billion in FY 1984.

Domestic International Sales Corporations (DISCs): DISCs are an invention to exempt export earnings from tax, thus subsidizing American exports and airliners. In FY 1984, they will cost $1.8 billion, for which we do not seem to be winning many orders. Since our trading partners out-subsidize us, since

foreign and domestic airlines are depressed, there seems too little return to warrant this hefty investment. The Defense Department (DOD) says it has a desperate shortage of oversized aircraft for cargo transport to use in future emergencies. We propose to help both DOD and the airlines by having DOD buy $750 million worth of Boeing 747 freighters (which can also carry passengers) every year. DOD can lease them to foreign airlines to cover their annual operating costs, subject to recall in a U.S. national emergency. We can then cancel DISCs and perhaps take another billion off the federal deficit.

Savings: $1 billion in FY 1984.

Consumer Debt Deductions: Interest paid on consumer debts (credit card borrowings, auto loans, but not mortgages) is deductible. The effect is perverse. Poor people and almost all people who do not own their own homes, cannot itemize, and so receive nothing back. A family with an income under $20,000 will itemize less than half the time; one with an income of over $200,000 will itemize 98 percent of the time. Moreover, the low- and moderate-income family will get a tax break, even if it can itemize, that is worth less than that of a wealthy family. For every $1,000 of interest, the $20,000 family will get back less than $200, while the $200,000 family will get back $500. Finally, the tax subsidy is perverse because we are giving the wealthy other tax breaks in order to encourage them to save, and this one offsets them. The Reagan Administration wants the wealthy to invest in order to create jobs for other Americans, but this counter-subsidy appears to undermine that goal. We question whether the rich deserve a greater subsidy for borrowing money to spend on consumer goods that they need less than middle- and low-income working people. We therefore propose to limit consumer interest that can be deducted to $1,000 plus the interest on one car loan per working person in a family.

Savings: $1.4 billion in FY 1984.

Department of Energy (DOE) Contractors: DOE is supposed to retain ownership of the equipment bought by its grantees and contractors. Yet in one case, a subcontractor bought 395 drill bits for an oil rig, and sent the bill for a half million dollars to DOE. DCE kept no records. When the contract was over, the

contractor just kept the bits--or some of them. Five were reconditioned and sold to DOE a second time. No one has ever found the other 390. There appears to be no legal obligation of a contractor to report government-owned equipment retained at the end of a grant or contract, and there is no system at DOE to keep track of the equipment itself. The General Accounting Office has identified over $250 million in strayed federal property from five DOE offices. No one can estimate the total loss.

Savings: At least $250 million.

Clinch River Breeder Reactor: The price of this project has tripled since 1969, and the Department of Energy has already proposed eliminating it since it can no longer provide an economic source of power.

Savings: $200 million.

Civil Agencies' Aircraft: Civil agencies of the U.S. government own or rent 688 aircraft, and spend $346 million operating them. Most of the flights are legitimate: forest fire fighting, air rescue, geologic surveys, and weather flights. Some are questionable. For example, President Reagan's head of the Federal Aviation Administration J. Lynn Helms never took a commercial flight in his first eight months in office. He spent $400,000 flying himself and his wife around in government planes, including two flights within a week to Las Vegas and Reno. The Coast Guard keeps two planes in Washington--at a cost of $2.6 million per year--exclusively to tour executives. The planes were used to take the Commandant of the Coast Guard to the Constitution Ball in Boston and to the Mardi Gras in New Orleans--no doubt to keep people from falling off the floats. While there has been no total audit of the extent of waste in the use of the civil air fleet, we think the military estimate of 23 percent waste is probably applicable. That would suggest that about $85 million a year may be expended on unnecessary operations--just about what the President plans to save by forbidding Head Start centers from participating in the Child Care Food Program. How much more will be saved because we do not have to buy so many private jets for public officials is unknown, but probably in the billions.

Savings: $85 million.

Heliostats: President Reagan has proposed to eliminate $30 million from the special milk program that provides free milk to institutions that serve low-income children and do not participate in the other child nutrition programs. Many of the schools and child care centers in the program cannot participate in other programs because they lack adequate kitchen facilities, since President Reagan eliminated the child nutrition kitchen equipment grants in FY 1982. Meanwhile, the Department of Agriculture has hired the Navy to connect four helicopters to a blimp in order to carry logs--a $25 million project whose cost is rising rapidly. The blimp, however, is not. It is called a heliostat, and its purpose is to help the Forest Service sell timber. The Department of Agriculture assumed that private industry would build more once the concept was demonstrated. A General Accounting Office survey of 36 private companies and trade associations found no takers.

Savings: $25 million.

The National Telecommunications and Information Administration: Dennis LeBlanc, President Reagan's former state trooper chauffeur, is our Associate Administrator for Policy Analysis and Development at the National Telecommunications and Information Administration (NTIA). At taxpayers' expense, he goes to the ranch with President Reagan. The White House says that he is in charge of military communications. He says that he performs ranch chores and anything else the President asks. Many would agree that he conducts very little policy analysis for NTIA, on which taxpayers spend $12 million a year. This program once supplied grants to educational television and nonprofit radio, but the President put an end to that. Its remaining duties seem to duplicate the Federal Communications Commission's (FCC) primary responsibilities. We propose that the NTIA be abolished, and its function be absorbed by the FCC.

Savings: $12 million.

The White House

White House Residential Expenses: Since President Carter's last full year at the White house, residential expenses have gone up from $3 million in FY 1980

to over $4.5 million for FY 1984--a 47.6 percent increase in four years. The over-time hours worked by White House staff have fallen by 86 percent; average pay per servant has increased by $5,900, or 23 percent; contributions from nonfederal sources towards White House expenses have not increased by a penny. Just the increase from FY 1983 to FY 1984 is 15.2 percent or $0.6 million. We propose to freeze the first family's residential expenses as long as the poor face new proposed housing and shelter cuts.

Savings: $0.6 million.

beetle bailey
by mort walker
OH, BOY!
THE ARMY IS GETTING MORE MONEY! WILL WE GET SOME OF IT?
ARE YOU KIDDING?
WE'LL ONLY GET MORE WEAPONS TO POLISH
I'M NOT SURE THE GOVERNMENT IS DOING THE RIGHT THING
WHAT'S IT DOING NOW?
IT CUT FEDERAL MONEY TO SCHOOLS...
IT CUT MONEY TO LIBRARIES...
WHERE'S THE MONEY GOING?
TO US!
IS THAT BAD?
THAT'S WHAT I WAS WONDERING
12-5
MONEY WON'T HELP THEM
BUT SCHOOLS AND LIBRARIES MIGHT
MORT WALKER

WHAT THE STATES CAN DO

Like Congress, states and localities make choices that have dramatic effects on the lives of children. They choose how much of a particular federal budget cut to pass on to state residents; how to allocate federal block grant funds within the state; and how to control their own revenue systems. States can choose whether to continue regressive taxes that penalize poor families or adopt progressive tax reforms that are more equitable. They set Aid to Families with Dependent Children (AFDC) payment levels and thereby also determine Medicaid eligibility. There are states that have done a great deal to support children and families, even with few resources, and others that have passed on Reagan budget cuts to children and families, and, in some cases, made them worse (for example, 17 states made deeper Medicaid cuts than required by Congress).

Of course, there are enormous fiscal differences between states that can affect these decisions--Michigan, with depression-level unemployment, has been forced to make cuts in state services that were probably unavoidable in the absence of federal reductions. But Texas, one of the wealthiest states in the country, has the second lowest welfare payments in America--a choice it did not have to make.

Further, hard times do not excuse bad policy or choices that add to the harm done to children in the past two years. Political choices, more than deficits, lead to cuts in children's programs.

There is ample evidence that state and local governments <u>can</u> act affirmatively for children, given strong political leadership and hard work. For example

- Six states have adopted children's trust funds that provide new revenues for preventive services aimed at child abuse;
- Several states have increased their AFDC standard of need to mitigate some of the worst effects of federal AFDC cuts; and
- Thirty states have begun to create new tax credits or deductions that provide the private sector with an incentive to increase its support of child care programs;
- Thirteen states have shown new interest and leadership on children's issues by establishing special legislative committees, subcommittees, or commissions focused on children, according to a survey by the National Council of State Legislatures (NCSL). Seventeen more states reported that they would be considering proposals for such committees in 1983. NCSL, itself, is forming

a new subcommittee on children's issues, and adopted a policy resolution in August 1982 that pointed out the special harm that budget cuts had exacted on cost-effective children's programs.

CDF believes that states must be held accountable for their actions. We have been trying to do our part. In January 1983 we published data from all 50 states on the impact of federal health budget cuts on state maternal and child health services, Medicaid policies, and community health centers. We have also gathered data from 25 states on their responses to federal child care cuts. Child Watch sites, now operating in 37 states, have compiled vital information about the impact of federal budget cuts on state and local governments' programs for children, and will continue to do so this year.

We also believe that states need to set higher goals than just holding the line against Reagan budget cuts. There is not a state in the nation that has established a series of goals to help poor children and families and then acted over a sustained period to achieve those goals.

There is much more that states can do, and have not. If state and local governments act for children, we can then work for such commitment to "trickle up" to the federal level.

WHAT SHOULD STATES BE DOING?

First, states must develop their own positive programs for children in 1983. CDF has drafted a Children's Survival Bill. Citizens and advocates may want to use parts of this bill in their state legislatures or develop their own state versions. Omnibus legislation can offer a rallying point for groups who have never worked together before on positive legislation because they have been so busy defending their own programs. Enacting legislation can be a form of organizing, and advocates must work together to affirm a vision for children that is not merely defensive.

Second, there are cost-effective ways for states to show their willingness to respond to children's needs and demonstrate leadership. For example, states can provide preventive services to help children remain with their own families and prevent foster care placements that could cost the state much more. States can fund community-based mental health services for disturbed children and alleviate the need for institutional care that sometimes costs over $50,000 a year per child.

Third, state officials and citizens should develop careful accountings of how state money is spent. It is just as important to know how a state raises and spends its funds as it is to document federal tax loopholes and wasteful defense spending. State governments are far from immune to powerful, monied constituencies that often overwhelm poor people who lack political clout. CDF looks forward to working with advocates who are interested in producing the same kind of state fiscal analyses that we compile each year in A Children's Defense Budget to assess and monitor a state's budget as it affects children.

Fourth, states and citizens should work to establish a children's presence in state legislatures to spotlight decisions affecting children and families. Models for this include legislative committees for children in California, Illinois, Delaware, South Carolina, and Florida. While establishing a committee does not guarantee that the legislature as a whole will protect or consider children's interests, it does provide a focus for considering ways in which legislative decisions affect children. To be effective, these committees need influential legislators, who can affect key policy, budget, and appropriations decisions.

Fifth, state governments must be stronger national advocates. Pending "New Federalism" proposals could do as much harm to children in one fell swoop as the Congress had done in all the budget cuts of the last two years. The President's "New Federalism" proposals are not "turnback" proposals that merely change the governmental level at which servcies are provided. (In fact, such services are already overwhelmingly state-provided.) Rather, they are proposals to repeal the foundations of children's programs, many of which have existed for decades and to renege on any national commitment to children. State governments must send a clear message to the Reagan Administration and Congress against including children's programs in any turnback proposals and for ensuring a minimum national floor of decency for all children.

WHAT CITIZENS AND LOCAL ADVOCATES CAN DO

City and county officials also have a major role to play in making choices that affect children. As the delivery level closest to children and families, their decisions can reverse some of the mistakes made at "higher" levels, or they can make the situation worse. Some city officials have been among the most outspoken in dealing with the problems of the homeless, because the unemployed and destitute are congregating on their streets. National organizations, such as the United States Conference of Mayors, the National Association of Counties, have testified before Congress on numerous occasions during 1982 about the harm being done to their citizens and budgets by federal cutbacks. They are also widely skeptical about block grants, since local governments have often been cut out of decisionmaking by the states, once federal requirements for local involvement are eliminated. For child advocates, it is important not to forget that local governments play a critical role, and to work with them to ensure that local officials speak out strongly for children.

Each of you has a special responsibility to speak out in your own community, where you know most about what is happening to children and can understand quickly how things get done. Whether as individuals, members of local groups, parents, members of a PTA, lobbyists in contact with local elected officials, or members of a religious congregation, you can take action to make sure that policies affecting children are responsibly supported in city halls, state capitals, and Washington, D.C.

Above all, we need to reach out to work in coalition with other groups affected by budget cuts and in need of human services. Strong human services coalitions have been formed in many communities in response to President Reagan's budget cuts, often with leadership from the religious community, labor, and service workers' organizations. Joining with these groups when there is a common set of interests can multiply the strength of children's supporters.

CDF has found it especially important to reach out to senior citizens groups in order to prevent "divide and conquer" tactics by public officials who seek to pit one age group against another. With both the young poor and the elderly poor dependent upon many of the same programs, children's advocates can seek intergenerational alliances. CDF can provide you with intergenerational resource materials to help these efforts.

We also have available other action materials to help you: a handbook on how to legally engage in lobbying and political activity and what is permitted under federal law; an Interfaith Religious Action Kit that suggests ways congregations and individuals can work for needy children; and a Child Watch Manual to help you assess the local budget impact in health, child care, AFDC, and foster care. A new CDF Speakers Bureau will include staff, Board members, and a number of prominent volunteers, including college presidents, public officials, and former members of Congress. It is designed as a resource to help attract membership to local groups, spotlight local as well as national children's issues, and increase the visibility of groups working to expand local activities on behalf of children.

Specifically, local groups can

1. Write or call members of Congress when they come home during recess. Urge them to support the provisions of the Children's Survival Bill. (See the appendix for recess dates and the sample letter and petition in this chapter.) The fate of the provisions of the Children's Survival Bill may depend on what you do as local advocates more than what we do in Washington, D.C.

2. Conduct a study group to find out more about children's needs and the community services currently provided.

3. Join or start a fact-finding group, such as CDF's Child Watch, to monitor the welfare of children and families in your community and assess the effect of recent budget cuts on children in several areas.

4. Subscribe to CDF Reports and become better informed about national, state, and local children's issues.

5. Work to obtain a greater proportion of your community's resources for programs targeted on the needs of children and families.

Religious groups and individuals have a special opportunity to take action for children. They can

1. Collect at least one offering of letters to Congress, the President, and state and local officials urging their support of programs vital to needy children and youth.

2. Look at the available resources, people, and space in your church or synagogue to decide whether you can reach out to working parents and those under stress who need child care; children who need tutoring in school; medically needy children; unwed mothers; families or elderly people in

trouble; homeless children in need of families; and the poor, hungry, and jobless who need food, emergency loans, or temporary shelter.

3. Celebrate a Children's Sabbath as a congregation or join an ecumenical or interfaith observance of Children's Day in your city.

4. Urge the involvement of your city and state council of churches or interfaith council in advocacy for children.

5. Encourage and support at least one couple or family in your congregation to adopt a child who needs a permanent home and loving family.

6. Ask the members of your congregation who are uncomfortable with organized action for children to take an additional personal caring step, which they might not have otherwise done, for one child.

7. Join CDF's Religious Action Campaign, becoming an active participant in our legislative network for children, and committing your congregation to respond to CDF Legislative Alerts with phone calls, telegrams, and letters to Washington, D.C., or your State House.

8. Provide financial and volunteer support to groups like CDF in states and localities in your congregation's annual budget. We also need your support.

9. Provide bulletin inserts on children's needs to lift the awareness of your members; and

10. Pray regularly for children--the children of your congregation, community, state, nation, and world--that their needs may be met.

<u>In addition to all of the activities listed above, you can, as an individual</u>,

1. Join <u>with</u> children and youth in your community in projects that will benefit them, such as beginning a tutoring program, an after-school program, or a child care/baby sitting project; collecting food and clothing for your community's food bank, or contributing where needs are greatest;

2. Speak up for children and work to protect their rights and concerns wherever and whenever possible. See that children and youth, where appropriate, are represented on the boards and committees of your community and that their needs and concerns find a voice;

3. Work to get groups that are serving children to speak out and advocate for children's programs in Congress, and in state and local legislatures; and

4. Consider sponsoring a petition campaign urging state and local legislative action, or, if elected officials will not support such action, placing initiatives or referenda on your state and local ballots.

SAMPLE RESOLUTION FOR STATE AND LOCAL LEGISLATIVE ENDORSEMENT

Each state and city has different laws covering initiatives and referenda, and advocates may wish to work with other groups such as the nuclear freeze and environmental groups, which have succeeded in getting measures on their state and local ballots in the past. A petition campaign can serve as an excellent way to get local and state legislatures on the record for children's programs. The issues will need to be framed differently in each state and community, but we have attached a sample resolution that advocates may want to adapt to their own local situation. Where a local Child Watch project has been gathering data, the resolution could be drafted to include any specific findings and appropriate recommendations which advocates may have developed based on the Child Watch project. A Children's Defense Budget includes ample evidence of each of the assertions in this sample resolution.

Sample Resolution

Whereas, programs for children have been demonstrated to be among the most cost-effective government efforts in preventing larger government spending later in life, and

Whereas, children's programs at the federal level were cut by more than $13 billion in 1981-82, and

Whereas, the evidence is unmistakably growing of increasing harm done to children as a result of these budget cuts, eligibility restrictions, and the national recession and unemployment, and

Whereas, infant mortality figures have increased in some American cities, after years of decline, and

Whereas, more than two million American children have been added to the nation's poor within the last two years, and

Whereas, 45 states have reported increases in child abuse and neglect, with 14 states reporting an increase in child deaths due to abuse, and

Whereas, maternal and child health services have been restricted or eliminated for hundreds of thousands of pregnant mothers and their children, and

Whereas, over 5 million children of working parents spend part of the day in inadequate, unsupervised arrangements, therefore be it

Resolved, that this [legislative body (named)] [city or state] declares its opposition to any further federal, state, or local budget cuts which will make these conditions worse, or would in any way affect children beyond the damage already done, and be it further

Resolved, that this [legislature] [city or state] intends to advocate restorations of vital children's programs which have been cut by federal and state governments, paid for through changes in tax expenditures, reductions in non-essential defense spending, and greater efficiency in government services provided to those who can readily pay for such services.

SAMPLE LETTER IN SUPPORT OF CHILDREN'S SURVIVAL BILL

(Please change to reflect your own feelings.)

Honorable _____
U.S. House of Representatives
Washington, D.C. 20515

Honorable _____
U.S. Senate
Washington, D.C. 20510

Dear [Senator] [Congressman/Congresswoman]

I am writing to urge your strong support for the Children's Survival Bill. It is a modest proposal containing provisions to support programs that have proven both cost-effective and critically important to the lives of our children.

I hope you agree that our children are much more important than nonessential military programs and new tax cuts for the wealthy. Though children don't have a vote or much political clout, I think more and more people like me believe working for these crucial children's programs is one of the most important things you can do to get this country on the right track again.

The Children's Defense Fund can provide you with further information about the Children's Survival Bill.

Thank-you for your time and for thinking of children.

Sincerely,

Your Constituent

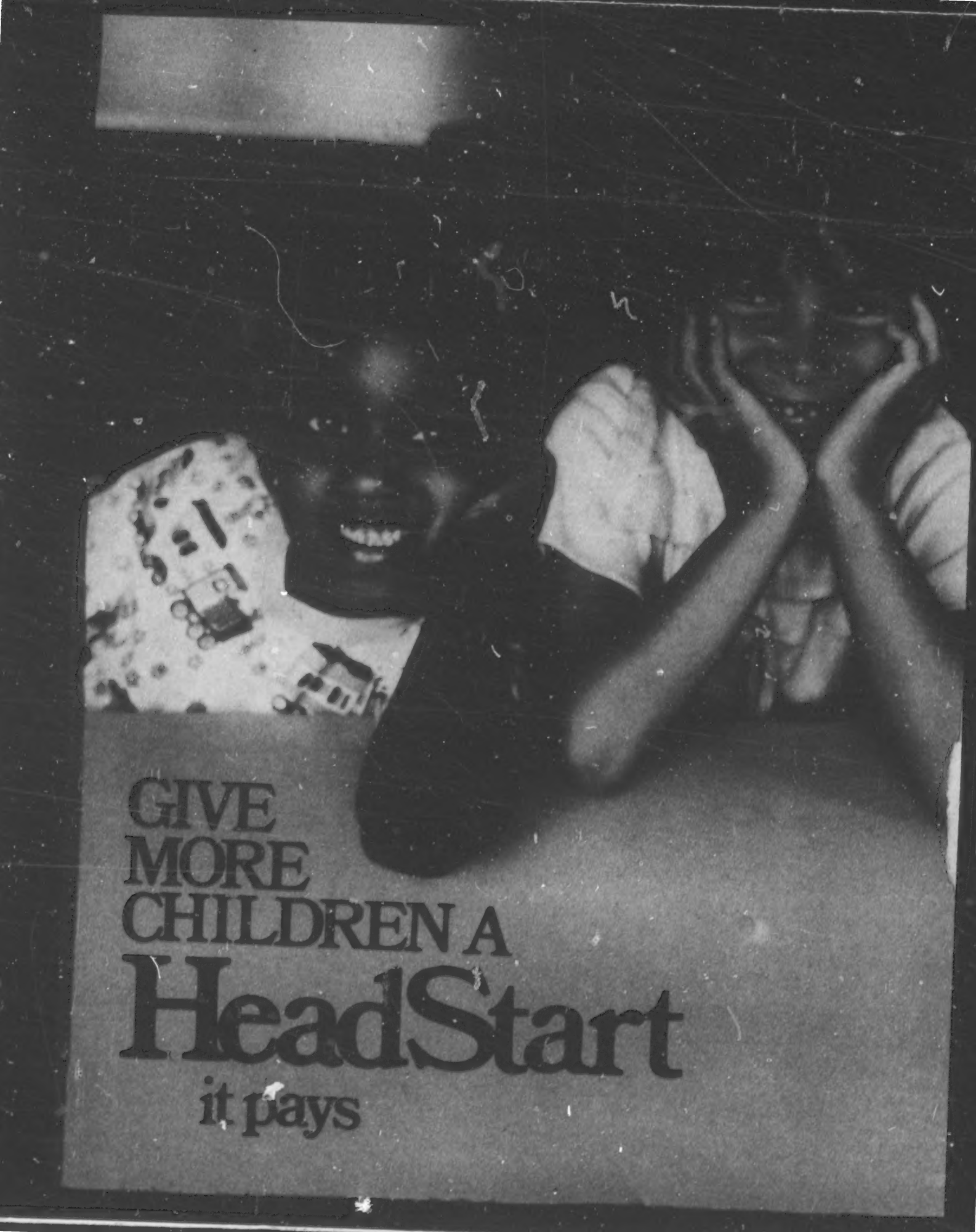
SAMPLE PETITION

(Please change to reflect your own feelings.)

We, the undersigned, urge the United States Congress to repair the damage being done to children by enacting the provisions of the Children's Survival Bill. The federal programs reflected in the bill have proven both cost-effective and critically important. We believe that the growth, health, and development of our children are more important than nonessential military spending and tax loopholes for the wealthy.

Signed,

_____	_____
_____	_____
_____	_____


GIVE
MORE
CHILDREN A
HeadStart
it pays

PART II

Specific Children and Family Programs

CHAPTER 4

Health

THE PROBLEM

Millions of American mothers and children suffer from poor health, have no place to go for health care, and no way to pay the doctor or hospital bill.

- One in 80 infants in the United States dies each year. Minority infants and children, even in 1980, were three times as likely to have a mother who dies in childbirth and twice as likely to die during the first year of life as nonminority children.

- Over 35 percent of all preschool American children are not immunized against diphtheria, tetanus, or pertussis. Almost 40 percent are not immunized against polio, and almost 50 percent are not immunized against mumps.

- Over one in 20 pregnant women in the United States receives late prenatal care or none at all. Over one in 11 Black pregnant women receives late or no prenatal care.

- Some 34 percent of poor children (4.2 million) have no health insurance. Another 41 percent (5.1 million) are insured for only part of each year through Medicaid or private insurance. Low-income children suffer more illness and are more at risk of dying than other children. For example, a recent Maine study showed children from low-income familes die at a rate nearly seven times greater than that of other children.

Health services for mothers and children not only are sorely needed but also are effective. For example, in the decade before Medicaid, infant mortality rates changed very little. Following enactment of Medicaid; infant mortality rates fell sharply: from 25 deaths per 1,000 live births in 1965 to 13 deaths per 1,000 live births in 1979. Maternal mortality rates have also dropped significantly. Medical technology contributed to the decline, but Medicaid coverage of prenatal care and delivery made these benefits accessible to the poor.

FY 1982 AND FY 1983 BUDGET ACTION

The unmet health care needs of children and mothers predate the Reagan Administration. But since President Reagan took office his health and budget policies have undermined, cut, and repealed effective federal maternal and child health programs, leaving hundreds of thousands more children and families in jeopardy. In 1982 human services officials from 55 cities nationwide ranked health care programs as the most common area affected by federal budget cuts. Cities received a 42 percent cut in health care funds. They provided health care to 10 percent fewer people in 1982 than in 1981.

Medicaid

For over 10 million of the poorest children in America, the Medicaid program is the only way to pay for checkups, medical treatment, dental care, hospitalization, and needed drugs. For hundreds of thousands of pregnant women, the program pays for prenatal care and delivery services. Children, more than any other age group, rely on Medicaid to pay their medical bills. Unlike older Americans, they do not have Medicare or private insurance policies. In 1979, 55 percent of the public dollars paying for children's health care was spent through Medicaid. Medicaid accounted for only 28 percent of the public health funds spent on other age groups.

Congress passed $3.1 billion in Medicaid cuts in FY 1982, FY 1983, and FY 1984 under the Omnibus Budget Reconciliation Act of 1981. In 1982 the Reagan Administration proposed cutting $8.6 billion more out of the program -- a total of $11.7 billion out of Medicaid over four years. Two of the Administration's proposals were to charge poor people for part of the cost of hospital care, doctors' services, and medication, and to reduce federal support for health coverage for working poor families.

Congress rejected these proposals, but it still cut federal Medicaid funds by an additional $1 billion over the next four years, making the total Medicaid cut for FY 1982 to FY 1985 $4 billion. However, Congress also strengthened the Medicaid program for children by

- completely exempting eligible children from any copayments (charges) for services they receive under Medicaid, and exempting eligible pregnant women from any copayments for pregnancy-related services paid for by Medicaid;

- allowing states to cover home health care for certain handicapped children receiving Medicaid (previously these children could qualify for Medicaid only if they were in institutions); and

- clarifying that states with medically needy programs (programs that serve people with too much money to qualify for cash assistance but too little to cover health care costs) must, at a minimum, provide coverage for out-of-hospital care for all medically needy children under age 18, and prenatal and delivery care for all medically needy women.

Maternal and Child Health

In 1980 the Title V Maternal and Child Health and Crippled Children's Program reached nearly 12 million children and mothers with services ranging from basic prenatal care, checkups, and immunizations to the most sophisticated types of medical care for high-risk newborns and children suffering from handicapping conditions and crippling diseases.

For FY 1982 the Reagan Administration proposed two general health block grants to states, which would have abolished all basic preventive health programs for mothers and children. The Administration's block grant proposals were rejected by Congress. But Congress created the Title V Maternal and Child Health (MCH) Block Grant, which was funded in FY 1982 at $373 million, an 18 percent cut from FY 1981 appropriations levels. This block grant, which has been implemented by all 50 states, combined the previous Title V program with six other specialized programs--Sudden Infant Death Syndrome (SIDS), Lead Paint Poisoning Prevention, Genetic Screening, Hemophilia Treatment, Adolescent Pregnancy Services, and Supplemental Security Income (SSI) Rehabilitation Services for Disabled Children.

For FY 1983 the Reagan Administration proposed adding the Special Supplemental Food Program for Women, Infants and Children (WIC) to the MCH Block Grant and cutting funds that WIC would add to the block grant by 35 percent. Congress rejected the Administration's proposal. Even so, the MCH Block Grant's FY 1983 funding is frozen at the FY 1982 level of $373 million.

Health Centers, Family Planning, and Immunizations

In 1981, 827 community health centers provided comprehensive care in the most medically underserved urban and rural areas of the nation. In addition, some 128 migrant health centers reached families in the migrant stream--a population in which almost 20 percent of women, four times the national average,

receive little or no prenatal care, and in which nearly half of all women have experienced at least one out-of-hospital birth. Studies have shown that community and migrant health centers deliver care that is high quality and cost effective, and can reduce hospitalization rates between 25 and 44 percent.

During 1981 over 4.5 million young women and mothers received family planning and health education services at about 5,000 family planning sites nationwide. In addition to delivering important health services, the programs yield a documented savings of $1.80 for every $1.00 invested.

In 1981, the federal Childhood Immunization Program provided an estimated 16.6 million doses of no-cost vaccines for over 6 million children. A Centers for Disease Control study shows that the $180 million spent over several years on a measles vaccination program saved $1.3 billion in medical care and long-term care by reducing deafness, retardation, and other problems.

All of these programs were attacked by the Reagan Administration in FY 1982 and FY 1983. In FY 1982 the Administration proposed block granting the Community and Migrant Health Centers and Family Planning Programs and cutting their federal funds by 25 percent. Congress rejected this proposal. It cut Community Health Center funds by 13 percent, Migrant Health Centers by 12 percent, and Family Planning Programs by 23 percent from FY 1981 funding levels.

For FY 1983 the Administration again proposed abolishing Community and Migrant Health Centers and Family Planning Programs and replacing them with a block grant funded at FY 1982 levels. Congress did not pass this proposal. In FY 1983 these programs are operating at FY 1982 funding levels with the exception of the Community Health Centers Program, which received a 5 percent increase in FY 1983 over FY 1982 levels but is still funded 9 percent below FY 1981 appropriations levels.

For FY 1982 the Administration also proposed cutting the Childhood Immunization grants to states by 28 percent. Congress responded with a 13 percent increase. For FY 1983 the Administration proposed a 16 percent cut, and Congress responded with a 14 percent increase from FY 1982 levels.

THE CONSEQUENCES

Since President Reagan took office, every state in the country has made life-threatening cuts in essential health services for poor mothers and

children. In good economic times, the results would be sobering. In bad economic times, they are disastrous. Families without a way to pay their health care bills are being denied essential services.

> In two months Maria D. is expecting her third child. She lives with her husband and two children in a one-bedroom apartment for which they pay $240 a month. There is no stove. They have borrowed an electric plate. Her husband makes about $400 a month unloading trailers. Maria has had five prenatal care visits, which she has paid for by borrowing money from a friend when her husband didn't have the funds. She has been told that she will have to pay $1,000 for her delivery before she and her baby will be released from the hospital. "I told the nurse I don't even have money to eat," she said. Because her other two children were born out of the state, Maria has been told that if she doesn't get her past medical history, she will be charged $2,000 for the delivery. "We don't have $2,000," said Maria. "I wrote to the other hospital and they haven't sent the papers. I don't know what will happen if I don't get these papers."

Children are dying. Preliminary data for 1982 indicate that numerous localities are experiencing a rise in infant mortality.

- In Chicago the infant death rate was 20.8 per 1,000 live births through November 11, 1982, compared to 18.9 per 1,000 live births during 1981.

- In Baltimore, the infant death rate for white infants rose from 9.3 per 1,000 live births in 1981 to 13.2 per 1,000 live births in 1982.

- Alabama had made an intensive effort to decrease its infant mortality rate. Now the state's rate for FY 1982 is expected to climb back to the 1980 level, when Alabama had the highest infant death rate in the nation.

- In Ohio over 700,000 people are out of work. The state health department estimates that over 1 million Ohioans have no health insurance. Potentially, in the next three years alone, 60,000 children will be born to Ohio parents who have lost health insurance due to unemployment or underemployment. A preliminary look at seven Ohio counties reveals that as unemployment increases so does infant mortality. In the county that includes Youngstown, where unemployment is 18.6 percent, the infant mortality rate increased from 13.7 per 1,000 live births to 14.9 per 1,000 live births between 1980 and 1981.

- In some parts of Detroit, the infant death rate has hit 33 per 1,000 live births--the same death rate as that of Honduras, the poorest country in Central America. Inadequate prenatal care contributes to infant mortality. (One percent of all mothers who gave birth in 1979 in Detroit--386 women--did not see a doctor until the day of their delivery. Among these women, the infant mortality rate was 88 per 1,000 live births.) Warren, Michigan, has seen a 53 percent increase in its infant mortality rate; Pontiac, a 17 percent increase; and Flint, a 12 percent increase. Poor economic conditions, high unemployment, and unprecedented reductions in public health services contribute to these increases.

A California obstetrician explained how lack of health care can lead to more infant deaths:

> . . .I have spoken with many pregnant women who were admitted to the hospital through the emergency room because they were about to give birth. A high proportion of these women have had no prenatal care or very inadequate prenatal care. When I have asked them why they did not see a doctor sooner, most have told me that they didn't have the money to pay for the visits. . . .
>
> I treated a pregnant woman about to deliver who had received no prenatal care whatsoever. She could not afford to pay for any visits to a clinic during her pregnancy and was able eventually to arrange insurance coverage but not until she was ready to deliver. The mother was diabetic. She had a breach birth with a 13-pound baby, which died. If she had received prenatal care earlier in her pregnancy, we might have treated her diabetes, monitored her infant, and induced labor at an earlier point. With earlier prenatal care, we might have been able to identify the breach birth position and performed a caesarean earlier. However, because she presented herself at the emergency room with no medical history, we had no time to deal with the severe problems that arose. Had prenatal care been free or affordable, she need not have delayed obtaining care and her child might have survived. . . .

Children of unemployed and uninsured workers are being hurt. Children in unemployed families face low income levels (63 percent of workers receiving unemployment have annual incomes below $10,000; the average unemployment insurance benefit is approximately $100 a week). They also face loss of job-related health insurance. According to the Bureau of Labor Statistics, over 12 million people are currently unemployed. According to the Congressional Budget Office, approximately 10.7 million people, including children and spouses, lacked health insurance coverage at the end of 1982 because of job loss. Young workers, those most likely to have young children, are most likely to be unemployed.

In some instances, unemployed families can gain health insurance through Medicaid. But in 27 states Medicaid does not cover either impoverished unemployed two-parent families or their children.

> A young woman in Alabama, pregnant for the first time, had been getting prenatal care from a private doctor and had made arrangements to have her baby delivered at the local hospital. Her care was covered by the health insurance her husband got as a benefit for his work as a steelworker. About half way through her pregnancy, however, he was laid off and lost his health insurance benefits. Though they were now indigent, because both she and her husband lived at home, under Alabama's Medicaid programs, she could not qualify for Medicaid to pay for the rest of her prenatal care and delivery

costs. Her doctor told her not to come back since she had no way to pay the bills. She went six weeks without prenatal care. She didn't know where to go or whom to ask for help since she'd never used the public health and welfare system before. Finally, in desperation, she approached a television station. The station broadcast her story but no one stepped forward to help her. Then her husband left home. Because she was now a single low-income prospective parent, Alabama's Medicaid program could cover her. She went back to getting prenatal care.

Despite the holes in the Medicaid safety net, many states report significant increases in Medicaid caseloads due to unemployment. During the second half of 1982, 21 states experienced increases in their Medicaid caseloads. In 16 of the states, officials reported these increases were caused by unemployment. Nonetheless, some of these states have had to make severe health care cuts, despite the number of "new poor" families in need of health services, because of economic conditions.

Many low-income employed families are also unlikely to have health insurance. Nearly 13 percent of workers earning between $5,000 and $10,000 have no insurance. One alternative for paying health care bills could be the Medicaid program. But budget cuts have substantially reduced the number of working poor who can get Medicaid coverage.

Linda is employed at the Wendy's hamburger chain in Mississippi on a part-time basis. Her gross income from her job is about $85 a week. Her job carries no health insurance benefits. In December 1981 she was dropped from the cash assistance program because her income was too high. Consequently, she lost Medicaid coverage.

Linda has a four-year-old child who had been hospitalized for pneumonia. Luckily, the family had Medicaid coverage at that time. When the child got sick with a cold the following winter, Linda did not take her to the doctor because she did not have the money and was no longer covered by Medicaid. The child came down with pneumonia again and was hospitalized. The bill came to $134. Linda was unable to pay. The medical center turned the bill over to a collection agency.

Since she lost cash assistance and Medicaid, Linda's rent has also been raised and the number of hours she works has been reduced. Other current financial obligations include a car note of $58 per month, loan payments of $50 per month for car repairs, a $70 per month utility bill, and $40 per month in transportation costs. When she was divorced, the child's father was asked to pay $75 per month in child support payments. To date, he has paid only a small portion of these payments. When Linda lost her cash assistance, she was also told that the Department of Public Welfare would assist her in getting child support payments only if she paid a $20 fee. While the Department has not located the father, they have requested that Linda pay an additional $35 to have legal papers filed in court.

Children are hard hit by Medicaid cutbacks. Every state has reduced its Medicaid program for mothers and children by cutting back on services or making eligibility more difficult to obtain or both. Since October 1981:

- An estimated 1.5 million children have lost AFDC. Most of these children have lost Medicaid. In 28 states and the District of Columbia they could have reapplied for Medicaid benefits under the medically needy program. In the other states, however, these children have no alternative route to the Medicaid program.

- Seventeen states have placed additional restrictions on Medicaid eligibility for children that were not required by Congress, including eliminating coverage for some or all categories of children between 18 and 21 years old and eliminating benefits for two-parent unemployed families. Thirty-one states reduced or eliminated Medicaid services of importance to mothers and children.

- Sixteen states reported liberalizing their eligibility criteria for the Medicaid program in certain respects. However, only six states have expanded eligibility specifically to benefit pregnant women and children. The rest of the states expanded eligibility for nursing home residents and aged and disabled people in need of long-term care.

- Nine states reported expanding Medicaid coverage for services important to pregnant women and children, but several of these states simultaneously restricted or eliminated other important health services.

Because of these reductions, American mothers and children are not only getting poorer due to inflation and unemployment but are having a harder time gaining access to the health care they need to stay alive and well:

- Missouri, in order to save money, has been making it harder for families to apply for aid and for health providers to obtain the reimbursements they are owed. As a result, some hospitals in St. Louis, in order to discourage Medicaid admissions, have begun charging pregnant women in labor a $250 preadmission deposit for "nursery costs" for their unborn children. Women who cannot pay are being turned away. Many are flooding the public hospital, which is already stretched to capacity.

- Cook County Hospital in Chicago, Illinois, reports that the amount of dumping of Medicaid and uninsured patients from private Chicago hospitals has increased 400 percent since July 1981. The increase in patient dumping does not involve the poor alone. According to one Cook County physician, "the transfers affect people losing their jobs and with them their health benefits, people who never thought they would wind up being shoved off to County."

- Children who are U.S. citizens, born to undocumented Mexican aliens working in the San Joaquin Valley to gather the state's annual $13.9 billion agricultural harvest, are being denied Medicaid cards. In at least one county, officials cut Medicaid benefits for dozens of these children. Welfare officials ruled that the children were not legal residents of the county because their mothers

had said that if deported they would not relinquish custody of their children. A year-old infant was severely burned and undergoing skin grafts when the county decision led doctors to stop the grafts. Asked why aid was cut, the welfare director said, "It's a question of money. We can't cover everybody." Treatment was resumed only after the courts intervened.

- In Washington State, where the unemployment rate in October 1982 was 11.4 percent and 233,000 people were out of work, one hospital in Seattle, which provides the most delivery care in the area, has raised preadmission deposits to $3,500 up front for the uninsured.

- A September 1982 Oregon survey of 1,458 pregnant women on WIC found that 10.2 percent were receiving no prenatal care; 13.3 percent didn't know or hadn't made plans for delivery; 9.3 percent were planning to show up at a hospital in labor; and 4.5 percent (66 women) reported they were having home births because they had no money for hospital care.

Cost-saving services for children are the first to go. Since 1981 states have been cutting back on basic preventive health services for mothers and children.

- Forty-seven states reported cutbacks in the Title V Maternal and Child Health Block Grant program through restrictions in eligibility and/or services. Forty-four states have made these cuts by reducing prenatal and delivery services for pregnant women, and primary and preventive health care for infants, children, and women of childbearing age. Twenty-seven states have achieved savings by cutting services for handicapped children. Thirty-seven states have reduced or eliminated services offered by Title V programs of projects, special health clinics offering comprehensive prenatal, delivery, pediatric, family planning, and dental services to mothers and children.

- Eleven states decreased state funding in 1982 for the Maternal and Child Health Block Grant. Twenty-one states reported funding increases, although not necessarily large enough to offset federal funding cutbacks. Eighteen states reported no changes in state funding.

- Of the states reporting major changes in Maternal and Child Health eligibility or services, all reported substantial and related cuts in their Medicaid programs affecting mothers and children. Even in the three states reporting no major changes in the block grant services, there were substantial reductions in Medicaid without any complimentary expansion in other areas.

In addition to cuts in the Maternal and Child Health Block Grant:

- During 1982, 725,000 people, about 290,000 of whom were children, lost health services as a result of funding cuts affecting 239 Community Health Centers.

- Seven Migrant Health Centers have lost federal funding, affecting 70,000 people.

- In 24 states for which data are available, experts estimate 460,000 fewer children will be screened for lead-based paint poisoning in FY 1983 than in FY

1981. Another study found that in eight cities, 10,000 fewer children were screened for lead poisoning in 1982 than in 1981. For example, in St. Louis, Missouri, which ranks third among the ten worst cities for lead poisoning, 4,000 fewer children were screened in 1982.

- In FY 1983 an estimated 5.3 million fewer doses of vaccines were paid for under the Childhood Immunization Program than in FY 1981. Experts estimate the reduction will mean a shortfall in vaccines for about 2 million children. Although Congress has increased federal appropriations from $30.4 million in FY 1981 to $34.3 million in FY 1982 to $39 million in FY 1983, the appropriated funds have not kept up with the rising cost of producing vaccines (10 to 40 percent depending on the vaccine).

The scope of health service cuts vary from state to state and service to service. The alternative resources available to families also vary. Some state officials point to paper plans for transferring caseloads to other sites as services are reduced. Others suspect children and pregnant women are just doing without preventive care and waiting for medical crises before going to clinics or hospital emergency rooms. Here's what has happened in just one state:

Arkansas, like many states, is suffering from exceedingly high levels of unemployment (9.6 percent in October 1982), which have placed new strains on the already overburdened public health system. Because of decreased revenues resulting from unemployment, the state has been unable to respond to the heightened need for health care. An estimated 33,000 persons, 70 percent of them children, lost AFDC and Medicaid as a result of federal 1981 budget cuts. The state was also forced to impose new limits on inpatient hospital and prescription drug services under Medicaid. At the same time, Arkansas's Maternal and Child Health agency was forced to cut funding for its children and youth projects by two thirds, affecting 10,000 poor and near-poor children. This happened even as the number of insured children grew due to federal budget cuts. Moreover, because of the increased demand for services and inadequate funding, there is now a four- to six-month waiting list at public maternity clinics for the first appointment. A pregnant woman is unlikely to be seen until she is in her sixth to ninth month of pregnancy.

FURTHER ATTACKS ON PROGRAMS

Where the Administration has been unable to cut health programs through legislation, it has sought to dilute and repeal existing federal health rights and requirements through the regulatory process.

- In 1981 Congress rejected the Administration's "no-strings" legislative proposals for maternal and child health and instead included a series of important safeguards and guarantees in its own Maternal and Child Health Block Grant. Since then, with the exception of general, vague federal regulations applicable to all 1981 block grants, and certain limited rules for the federal

"set-aside" program, the Administration has not issued a single regulation to help states implement the MCH Block Grant. The law contains a number of eligibility, service, procedural, reporting, and civil rights requirements complex enough to require thoughtful interpretation and guidance to ensure states' compliance with the law and the protection of poor children.

- As part of its FY 1982 Medicaid proposals, the Administration sought a complete relaxation of minimum federal standards regarding state determinations of financial eligibility of "medically needy" people for Medicaid. (Those with incomes too high to qualify for cash assistance but too low to pay for necessary health care.) Congress rejected the Administration's proposal and retained existing standards protecting medically needy people. Yet HHS issued final rules that paralleled the Administration's original proposals and virtually eliminated the protections that Congress had preserved. Congress overturned these regulations and specifically disavowed their validity in the 1982 Tax Equity and Fiscal Responsibility Act.

- In 1981 the Administration introduced legislation to repeal major portions of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, Medicaid's special health program for children that requires preventive care and a minimum package of services. Congress rejected this proposal. In 1982 the Administration proposed eliminating the program entirely, again with no success. However, in early 1982 HHS drafted new EPSDT regulations that would have eliminated many of the program's most important regulatory requirements. These proposals were halted only after public outcry, and the Department has now resorted to total nonenforcement of existing program requirements, to the detriment of poor children.

- In 1981 the Administration introduced legislation to repeal important provisions in the Hill Burton program. Since 1946 this program has provided hospitals with billions of dollars for construction and renovation in exchange for assurances that the hospitals will provide a reasonable amount of free care to poor people and serve their communities without regard to race, color, creed, or national origin. Congress rejected the Administration's proposal to repeal these assurances. Now HHS has drafted pro- posed revisions in existing Hill Burton rules that would effectively eliminate hospitals' obligations to provide minimal levels of free care to poor people. Publication of the proposed rules is pending.

- In 1981, and again in 1982, the Administration proposed legislation to repeal the Community Health Centers Program and replace it with a no- strings block grant. Congress rejected these proposals and enacted legislation (the Primary Care Block Grant of 1981) setting forth detailed requirements regarding funding levels for and services offered by Community Health Centers. The Administration then sought to undermine the program by refusing to publish rules to implement these requirements. As a result, by late 1982 some state block grant plans were out of compliance with the statutory requirements, because the states have been given no guidance. HHS grants to states out of compliance with the federal statutory requirements were halted only after a federal court intervened. Meanwhile, the Administration has developed restrictive new criteria for determining when an area is "medically underserved" and thus can qualify for Community Health Center funds. These new restrictions alone would mean that 11 centers would no longer be operating.

- In 1981 and 1982 the Administration proposed legislation to repeal the Family Planning Program. Congress rejected these proposals. The Administration retaliated by proposing new regulations that required family planning clinics to notify the parents of adolescents receiving family planning services. The practical effect of these proposals will be to eliminate adolescent programs at family planning clinics, because of adolescents' unwillingness to seek necessary services if their parents are notified. These proposals have been made in the face of an unprecedented increase in the rate of adolescent pregnancy, which, experts believe, is a major cause of infant mortality and morbidity because of its high-risk nature. Despite over 100,000 comments opposing the regulations, HHS has refused to change them.

Equally disturbing as the Administration's attempts to change substantive regulations have been its efforts to repeal procedural protections that ensure the integrity of the federal rule-making process and the fairness of government actions affecting people who receive public benefits. These changes not only affect the many low-income children and families who receive Medicaid, but also people receiving Medicare, AFDC, Social Security, and Supplemental Security Income. (For more information on these changes see the chapter entitled "The Regulatory Framework.")

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

The Reagan Administration's health budget for FY 1984 continues to weaken the underpinnings of the public health programs that are "the providers of last resort" for the inunsured and the poor--Medicaid, the Title V Maternal and Child Health Block Grant, Community and Migrant Health centers, Family Planning, and WIC. The budget will also result in further cuts in health care for the poor by dismantling the AFDC cash assistance program, thus eliminating eligibility for Medicaid coverage. At a time when unemployment and loss of job-related health insurance is placing a greater demand on public health services, the Administration proposes

- cutting an additional $1.9 billion out of Medicaid in FY 1984, 1985, and 1986 by further cutting federal funds to states already operating minimal programs and by resurrecting the costsharing proposal that was considered and rejected by Congress in 1982. Congress adopted a carefully developed compromise that gave states greater leeway to charge most patients, while protecting others whom Congress specifically found unable to pay--namely, pregnant women and children. The President's budget ignores Congress's decision.

- freezing Maternal and Child Health Block Grant appropriations at the FY 1983 level. This is 18 percent below FY 1981 appropriations and 25 percent below

what it would take to run the program in FY 1984 with the same level of services that it offered in FY 1982.

- freezing funding for Community Health Centers and once again trying to include it in a block grant with Migrant Health Centers, the Family Planning Program, and Black Lung Clinics. This proposal was sent to Congress last year and never considered.

- providing no additional funds for WIC. In FY 1983 WIC was funded at $1.09 billion, allowing close to 2.3 million pregnant women, infants, and children to be served in the program--just about the same number as when President Reagan took office. This number will drop by 115,000 in FY 1984 if money is not added to the program to offset rising costs to the program.

- funding Childhood Immunization at $42 million. The President's budget does not adequately support immunizations for children. Experts estimate that $46.5 million is needed to produce enough vaccines to immunize the same number of children as were immunized in FY 1981. The President's budget falls $4.5 million short of that figure.

Ironically, at the same time that the Administration continues to cut health programs for the uninsured and the poor, and has cut essential preventive services for low-income children and pregnant women, it has added more funds for biomedical research and has just launched a health promotion multimedia campaign called "Stay Alive" aimed at encouraging Americans to adopt healthier life-styles. What the Reagan Administration does not seem to understand is that for millions of American children the primary issue is not salt in their diet but food on their plates; not jogging but getting eyeglasses, immunizations, operations, and medication. For many pregnant women, getting exercise during pregnancy may not be as critical to the health of their baby as whether or not any hospital will let them in to deliver.

CHAPTER 5

Aid to Families with Dependent Children

THE PROGRAM

Aid to Families with Dependent Children (AFDC) is the only federal program explicitly aimed at protecting poor children by giving their families income support. Sixty-eight percent of all AFDC recipients, or over 7 million people, are children. Forty-five percent are Black. Half are eight years old or younger. The 3.6 million adults are primarily single parents living with children.

Four out of five AFDC families are headed by single women. Over half have at least one child under six.

The most common reason for recipients needing assistance is the breakup of a marriage. About 45 percent of AFDC children become eligible for welfare because their parents are divorced or separated.

Very few children "grow up" on welfare. Each year about one third of all AFDC families leave the program and are replaced by other families. (In Wisconsin over half of all AFDC recipients leave the rolls in six months or less.) One out of every nine children in the United States is depending on AFDC for survival right now. One out of four will depend on AFDC at some point in his or her life.

Contrary to popular perception, the typical AFDC family has only one or two children. The average size of AFDC families is decreasing; over 42 percent of AFDC families have only one child.

Many parents of AFDC children are already working, trying to work, or unable to work. According to the most recent data available, of ten mothers on AFDC, four are caring for preschool children; three are working, seeking work, or in

training; one is disabled; and two are not currently seeking work. Of this latter group, more than half are either over 45 or have never been employed. Sixty percent of the mothers of AFDC children are not high school graduates.

In most states, AFDC payments are intolerably low, failing to provide even a minimum level of decency. In Mississippi the maximum payment for a child is $.99 a day or $30 a month. The nationwide high is $5.96 per child a day in Alaska. States set these benefit levels. By contrast, the average monthly payment for a disabled person under the Supplemental Security Income (SSI) program, where federal law sets uniform national benefit levels, is $7.59 a day or $231 a month.

AFDC recipients get no automatic cost of living increases, and state AFDC payments generally lag far behind inflation. Taking inflation into account, the average AFDC recipient lost almost 20 percent in purchasing power between 1976 and 1982. Michigan, for example, has cut benefits twice in the last four years, and other states have not adjusted AFDC grants to reflect losses due to inflation. In Arizona, AFDC benefits increased by 46 percent during a period when the cost of living rose by 135 percent. AFDC children in Arizona effectively lost more than $1 out of every $3 to inflation.

FY 1982 AND FY 1983 BUDGET ACTIONS

Two waves of devastating AFDC cuts took effect in FY 1982 and FY 1983. First, the Omnibus Budget Reconciliation Act of 1981 slashed the $7 billion federal AFDC program by slightly over $1 billion for FY 1982. Combined with a resulting loss in state matching funds, this constitutes a total AFDC cut of almost $2 billion. Then the Tax Equity and Fiscal Responsibility Act of 1982 cut federal expenditures for AFDC by an additional $85 million for FY 1983. Each of these deep cuts in funding carried with it fundamental and permanent changes in the underlying AFDC statute.

Congress adopted virtually all the Administration's FY 1982 proposals for program changes, though some proposals were made state options rather than mandatory provisions. The changes include a number that penalize children and the working poor--the very people the Administration supposedly wanted to "help."

Mandatory Provisions Enacted for FY 1982

Some of the regressive mandatory provisions in the Omnibus Budget Reconciliation Act include

- limiting AFDC eligibility to families whose gross incomes do not exceed 150 percent of their state's "standard of need." Each state sets its own needs standard, which in theory (but rarely in practice) represents the amount of income a family requires to meet its subsistence needs. As of February 1982 every state's needs standard fell below the federal poverty guideline. Before FY 1982, very poor working recipients whose gross incomes were below the poverty line but above their state's standard of need could still get a partial AFDC grant if their gross income, after deducting child care and work expenses, met their state's needs standard. The 150 percent cap cut many of these desperately poor working families off AFDC entirely.

- reducing "disregards" that are applied to earned income before AFDC benefits are determined. In calculating AFDC grants, working recipients can disregard $30 and 1/3 of their remaining income, so that they may be eligible for a partial grant to supplement their earnings. Applicants and recipients can subtract child care and other work expenses (like transportation) from their income before calculating AFDC eligibility and benefit levels. These deductions used to be based on actual reasonable work expenses. The FY 1982 change reduced the work expenses families can claim by capping child care expenses at $160 a month per child and work expenses at $75 a month. Moreover, the $30 and 1/3 "work incentive disregard" is now calculated on net, not gross, income so that parents have less incentive to work. Further, the $30 and 1/3 disregard was limited to four months. After four months, a working parent's AFDC grant is reduced dollar-for-dollar for every dollar earned (except for earnings spent on child care and other work expenses up to the cap). If a worker's expenses are more than the cap, she loses money by working.

- counting a stepparent's income as available to a child in determining AFDC eligibility and benefit levels, whether it is in fact available or not. Formerly, a stepparent's income could be counted in determining eligibility and benefit levels only if the stepparent had a legal obligation under state law to support the child, or if his income was actually available to the child. Now the income must be counted whether or not the stepparent actually contributes to the child's support or can legally be made to do so.

- not allowing federal AFDC assistance to mothers pregnant for the first time until their sixth month of pregnancy. Previously, states could claim federal reimbursement for AFDC for these mothers from the time the pregnancy was medically confirmed. Half the states did so. In addition, federal assistance is no longer provided for benefits for the unborn child.

- limiting a former state option of providing AFDC to students aged 18 to 21. Now a state can only get federal assistance to provide AFDC to students through age 18 who are expected to complete high school or a vocational program by age 19.

- requiring monthly reporting. Families must file a monthly report on income, resources, and other relevant circumstances, unless they fall into a category the state has exempted from reporting requirements.

- budgeting retrospectively. Except for the first and last months of AFDC eligibility, AFDC grant levels are now calculated "retrospectively," based on the family's income one or two months prior to the month in which the grant is issued. Therefore, when families have a sudden drastic loss of income--for example, a mother loses her job due to illness--they have to wait up to two months for their AFDC grant to reflect their dramatically increased need.

Optional Provisions Enacted for FY 1982

Some of the optional provisions in the Omnibus Budget Reconciliation Act include

- allowing states to count the value of food stamps and housing subsidies as income in determining a family's AFDC eligibility and benefit levels.

- allowing states to set up Community Work Experience Programs ("workfare") that require recipients to work off their AFDC grant for no pay in often meaningless, dead-end jobs. Despite a statutory provision that parents of children ages three to six can be required to participate only if child care is available, federal regulations provide no guidance about what is safe or appropriate child care. Many such programs can be coercive, involve "make work" jobs, or, in states that obtain a waiver, be applied to mothers with infants or toddlers in their care.

- allowing states to set up other types of work programs for AFDC recipients, including work supplementation programs and demonstration substitutes for the Work Incentive (WIN) Program.

After the Omnibus Budget Reconciliation Act, which was supposed to purge "high income" AFDC families from the rolls (mainly those who got partial AFDC grants to supplement very low wages), the Administration turned its attention to cutting benefits for families that rely solely on their AFDC grants for subsistence. The Administration proposed a number of major cuts, including reducing benefits whenever an AFDC family lived in a household with others; counting the income of all unrelated adults living in the same household as an AFDC family as available to that family; reducing AFDC grants to reflect receipt of energy assistance; making workfare mandatory; eliminating the Emergency Assistance program; and requiring a waiting period for applicants while they searched for work.

Congress rejected many of these proposals or made them optional instead of mandatory.

Mandatory Provisions Enacted for FY 1983

The Tax Equity and Fiscal Responsibility Act made the following mandatory changes.

- Even if an applicant family is needy for the entire month in which it applies for benefits, it is entitled to a grant effective no earlier than the date of application.
- A parent absent from home solely because of military service cannot be considered an "absent" parent for purposes of establishing a family's AFDC eligibility.
- Benefit calculations must be rounded down to the nearest dollar.

Optional Provisions Enacted for FY 1983

The Tax Equity and Fiscal Responsibility Act also gave states new AFDC options.

- A family's AFDC shelter and utility allowances may be reduced if that family shares a household with others.
- A state may require that AFDC applicants as well as recipients participate in job search programs.
- In a constructive modification of FY 1982 changes, states may provide interim income supplements to families that are especially needy because their needs have changed but, due to retrospective budgeting, their benefit level has not.
- The deadline for states that want to participate in WIN demonstration/work programs was extended. The Department of Health and Human Services (HHS) was also given authority to waive important protections for AFDC recipients in WIN demonstration projects--such as a provision exempting mothers of preschool children from mandatory work.

In addition, under the Tax Equity and Fiscal Responsibility Act, federal matching funds are reduced for states that make erroneous AFDC overpayments beyond a certain tolerance level. This reduction can be waived if a state has made "good faith" efforts to comply with the tolerance level.

THE CONSEQUENCES

The impact of the AFDC cuts on poor working mothers and poor children was staggering. Nationally, state welfare officials estimated that 725,000 families lost AFDC eligibility or had their grants reduced due to FY 1982 changes

in federal law. (Since interim final regulations for the Tax Equity and Fiscal Responsibility Act were published on September 17, 1982, and many of the FY 1983 changes are state options, it is still too early to project the effect of FY 1983 cuts.)

The overwhelming majority of families whose grants were eliminated or reduced due to FY 1982 changes were working families, families with a stepparent in the home, and families with a dependent child over 19.

- In Ohio, for example, out of an average total monthly caseload of 204,000, some 95,818 cases were either reduced or terminated. Of these terminations, 39.5 percent were due to counting a stepparent's income; 14 percent were due to a family's gross income exceeding 150 percent of the state's standard of need ($489 a month for a family of three); and 5.5 percent were due to a family's losing the $30 and 1/3 disregard of earned income after four months. Further, 29 percent of <u>all</u> benefit cuts were due to eliminating school children over age 18 from the grant.

Families were also severely hurt by the loss of related benefits when they lost AFDC eligibility. In 20 states, loss of AFDC also means loss of Medicaid benefits. A Congressional Budget Office study estimated that for those households that lost AFDC eligibility, reductions in total benefits-- including food stamps, housing assistance, and Medicaid--could be enormous: in most states, families lost as much as 50 percent of their total benefits.

Although some of the FY 1982 changes in AFDC resulted in short-term savings for states, welfare administrators reported that 10 to 25 percent of the families that lost AFDC due to FY 1982 cuts subsequently had to return to AFDC support. Many of these families previously had received only partial AFDC grants due to earned income, and returned to the rolls when they lost jobs. Thus, welfare administrators sometimes reported that their state's AFDC costs actually increased.

Moreover, in states that operate general assistance programs of their own, increases in state and county general assistance costs counterbalanced AFDC savings from FY 1982 changes. In Cuyahoga County, Ohio, the state saved $5,351,312 in AFDC costs but was forced to pick up $5,765,040 in general relief costs. The county saved $594,590 in AFDC costs, but incurred $1,921,680 in additional general relief costs.

<u>Poor working families have been severely hurt by AFDC cuts</u>. Many lost AFDC completely because their gross income exceeded 150 percent of their state's standard of need. Others lost eligibility when they could no longer claim the $30

and 1/3 disregard on earned income after four months. At this point, their meager earned income exceeded the level at which they could qualify for AFDC in their state. Still other families that continued to qualify for AFDC had their AFDC grant reduced after four months because they lost their $30 and 1/3 disregard.

Many families also had their AFDC benefits reduced or lost eligibility because of the new caps on child care and work-related deductions. States can and have set an even lower limit on these deductions for families with only part-time employment.

> One Maine mother continued to work after losing her AFDC supplement of $180 a month. But she could make ends meet only by cutting out essentials: From a take-home pay of $376 a month, she had to pay $120 a month in day care costs and $200 a month for shelter. She received $75 in food stamps, which supplied food for herself and her child for two weeks. She stated:
>
> "By use of simple arithmetic, I figure I have a whopping $56 a month to buy food for the rest of the month as well as to cover [clothing, laundry, transportation, and medical costs]. I am badly in need of dental work, my daughter needs new shoes, but there is no money left for these things. And I know of women who are in situations worse than mine--who have more children than I do, who pay more rent, who are not able to stretch their food stamps and pennies as far as I can, whose children have their only real meal at noon at the day care center or the babysitter's."

At least two states reported that loss of work incentive "disregards" discouraged recipients from working.

- In Utah only 1,472 cases with earned income remained eligible for AFDC benefits in December 1981 after implementation of the 150 percent cap on eligibility. By the end of February the number of cases with earned income had dropped to 975. Two hundred and forty-two cases were closed when they lost the $30 and 1/3 disregard at the end of four months; 255 others were terminated for other reasons. Meanwhile, the state experienced an increase in grant payments of $57,403 because fewer recipients were working. The Agency observed, "We do not know whether the additional decline. . .is the result of fewer AFDC recipients starting work or the result of more recipients quitting work or losing their job. Basically what we know is that the unusual drop in the number of cases with earned income occurred simultaneously with (the loss of work incentives)."

- A senior welfare official from Wisconsin testified that "The cost benefit [of eliminating earned income disregards after four months] continues to be negative. Over 50 percent of the cases are back on AFDC within two and one-half to three and one-half months." The cost of these cases has increased due to reduced income or loss of employment. The official stated that although almost all of the families continue to work, the net increase in AFDC costs has been over $91,000 a year and growing. Food stamp increases have been over $500,000 a year and are also growing. The official concluded, "The bottom line is we are shooting ourselves in the foot. Both the government and the AFDC households are losing, and at levels that are dramatic."

In fact, the 150 percent cap on gross income and the limit on the $30 and 1/3 disregard have harmed the "truly needy" that the Administration purported to protect.

> The Georgia department of human services reported that loss of the $30 and 1/3 disregard meant loss of AFDC for a 51-year-old mother of three who earned $269 a month working part time as a cleaning lady at a church. Loss of AFDC also meant loss of her Medicaid benefits. She could not increase her earnings by working more hours, because she had serious health problems. Her job does not provide health insurance.

Loss of AFDC benefits presents many recipients with a dismal choice: make do without AFDC supplements in order to have the dignity of working, or quit work in order to obtain AFDC and health care for themselves and their children. Those who continue to work face genuine hardships. A Maryland survey reported that 68 percent of those who lost their grants had trouble paying for food and medical care. Over 45 percent had trouble paying for rent, heat, and utilities, and 39 percent had to take food or money from friends and relatives to survive.

A number of poor working families also had problems retaining child care they needed to work. Thirty-one percent of those Maryland parents who lost AFDC and continued to work reported having to change their child care arrangements. Access to child care was further complicated by federal Title XX cuts in funds for child care assistance.

The U.S. House of Representatives eventually realized the devastating effect of the FY 1982 cuts on poor working families. As part of the Tax Equity and Fiscal Responsibility Act, the House passed provisions repealing the 150 percent cap on gross income and lifting the four-month limit on the $30 and 1/3 work incentive disregard. However, the Senate rejected these provisions in Conference.

Some state legislatures have been more responsive. Some states increased their standard of need to help protect working families on AFDC. This action allowed families to have greater incomes without exceeding the 150 percent cap that would make them ineligible for AFDC.

Families with a stepparent have been suffering under AFDC changes. Nationally, state welfare directors project that 89,066 families with a stepparent have lost AFDC eligibility or had their benefits reduced.

Advocates have been concerned that increased economic pressures on families with a stepparent, combined with AFDC cuts, would encourage families to break up.

- In Georgia, 5,239 stepparent cases were eliminated from AFDC due to federal cuts in FY 1982. Of these, 1,269 cases subsequently returned to the AFDC rolls, apparently because the stepparent left the family or because his income dropped so significantly that the family met AFDC eligibility guidelines even when his income was counted.

- In Massachusetts, three children lost AFDC and Medicaid benefits completely when their mother remarried. Their stepfather's monthly income was $1.27 over AFDC eligibility levels. The children have orthopedic problems, but get care only when there is money available to take them to the doctor. An advocate observed, "This is eventually going to cause a lot of frustration and stress on the family, which they will not be able to cope with. The system is breaking up family unity."

The education of older children is threatened by AFDC cuts. The FY 1982 provision that limited AFDC to students under age 18 (or, at state option, under age 19 who can be expected to finish school by age 19) has accounted for 29 percent of the case terminations in Ohio that are related to federal FY 1982 cuts, 3,126 case reductions or terminations in Tennessee, and 614 terminations in Colorado.

Low-income children are already at an educational disadvantage and take longer to complete school than their more affluent peers. One out of every four 17-year-olds from families living in poverty is enrolled in grade ten or below, compared with one out of every ten children from nonpoor families. For many children, inclusion in their family's AFDC grant means the difference between being able to continue in school and dropping out to look for work.

Women pregnant for the first time have not only lost AFDC benefits, but also essential medical care. Before FY 1982, women in half the states could receive AFDC assistance, and Medicaid coverage, as soon as pregnancy was medically confirmed. Now AFDC can begin only in the sixth month of pregnancy (although states have the option to provide Medicaid earlier). Although the number of women affected by this change is small compared to the number of people affected by other AFDC changes, the results are serious:

> The American Medical Students' Association reported the case of Judy, an Ohio teenager, who went with her mother to a state clinic for a pregnancy test and was told that she was two-months pregnant. Judy was living with her mother and family, along with Judy's older sister and her children. Judy's mother had been working full time but recently was laid off and is now working part time as a maid. Judy was referred to the county welfare department for assistance, but was told that she could not apply for AFDC until she was six-months pregnant. This left the family attempting to pay the fees for Judy's prenatal care, which they could not afford.

Some states that previously provided AFDC to women pregnant for the first

time continue to do so out of state funds. In Nebraska, for example, a coalition of religious groups, service organizations, women's groups, and pro-life organizations persuaded the state to institute a state-funded assistance program for the first five months of pregnancy.

Four states instituted statewide workfare programs, and a number of states have begun WIN demonstration projects. Under federal law, states can now elect three new work options--Community Work Experience Programs (workfare), work supplementation programs, and Work Incentive demonstration projects that substitute for the WIN Program.

HHS has approved 18 WIN demonstration plans. A WIN demonstration program is intended to substitute for the Work Incentive (WIN) Program. WIN is a training and employment component of AFDC that is typically administered by the state employment agency, not the welfare agency. It is meant to help AFDC parents and children over 16 who are out of school find jobs or training. The new WIN demonstration projects allow states to participate in a three-year experiment to administer WIN entirely through the state welfare agency.

In addition, some states have sought, and HHS has granted, waivers of other provisions that normally protect AFDC recipients in work programs. For example, under WIN, parents of children under age six are exempt from registering for WIN unless they volunteer to do so. HHS granted Michigan a waiver for its WIN demonstration project that would allow the state to require participation of parents with children over six months of age. (HHS granted Oklahoma a similar waiver for its workfare program.) Many of the WIN demonstration projects that HHS has approved thus far are either optional for counties or have been held up pending funding. Given the FY 1983 extension of the deadline for WIN demonstration applications, it is possible that WIN demonstration activity will increase.

Of the 23 states that have taken some action to apply workfare to AFDC recipients, only four states--Idaho, Oklahoma, Michigan, and West Virginia have mandated workfare statewide, sometimes limiting participation to two-parent families. The Community Work Experience Program (CWEP), authorized by the Omnibus Budget Reconciliation Act, is a workfare program that would require nonexempt AFDC parents to work for free on "projects which serve a useful public purpose" in return for their AFDC grant. Parents of children under age three are exempt. Parents of children ages three to six can be required to participate in CWEP only if child care is available. The amount of time required to "work off"

an AFDC grant is determined by dividing a family's grant by federal or state minimum wage, whichever is higher.

Advocates have been concerned that CWEP does not contain protections for AFDC recipients. CWEP, unlike WIN, allows states to require parents of preschool children to work. Although Congress directed that parents of preschoolers can be required to work only if child care is available, HHS has given no guidance about what constitutes adequate care.

In addition, there is no guarantee that workfare assignments will not just be dead-end or punitive jobs that will not assist recipients to become self-sufficient. Advocates are also concerned about protecting recipients from unsafe, unhealthy, or unreasonable work requirements.

> In Massachusetts, a broad coalition succeeded in limiting some of the most destructive aspects of that state's workfare/WIN demonstration proposal. The state's original plan would have required parents of children over age two to participate in 13 weeks of CWEP or WIN demonstration work, followed by six weeks in a job club, followed by another cycle of workfare and job club participation. The state proposed to place most workfare participants in jobs such as school kitchen help and crossing guards. Since these positions were empty due to state funding cutbacks, recipients placed in them would have little or no chance of acquiring skills that would translate into permanent employment.
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> Moreover, although the state would have required parents of preschoolers to participate in workfare, it did not provide any protections regarding the adequacy of day care. The state even proposed to use AFDC recipients to provide day care for other workfare participants without making funds available so that a recipient who lived in substandard housing or lacked proper equipment could be given the minimum tools to care for other recipients' children.
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> Under a compromise hammered out between the state and the advocates, the state agreed to scrap its workfare-jobs club cycle. Instead, each participant will be required to engage in five weeks of a job search. At the end of five weeks, the participant will be given three options: to pursue training, work experience, or supported work. If the participant does not elect any of these options, he or she remains in job search indefinitely. A recipient is exempt from participation in job search if enrolled in a training program. Although parents of preschoolers can still be required to participate in the project, participation is mandatory only if licensed day care is available.

Some of the AFDC changes touted as "administrative" reforms that would be harmless for recipients and welcomed by states have had the opposite effects. This was particularly true of a new requirement that recipients report their income to the welfare office on a monthly basis. Thirty-five states requested waivers so they would not have to implement this system or could delay

implementation. At least 23 states requested permission to limit monthly reporting to specific populations, such as people with earned income who would be more likely to incur monthly changes in income and perhaps need their benefits altered.

Thousands of recipients, confused by the system, lost benefits despite the fact that they were genuinely needy. Michigan alone reported that 19,300 cases were closed over five months due to the recipients' failure to return the monthly reporting form. Washington State officials conceded that 50 to 60 percent of the families terminated due to monthly reporting requirements were otherwise eligible. Yet there are many valid reasons for a recipient not returning the form within a short time period.

> One Michigan mother of two lost her benefits because of the monthly reporting requirements. She filed her monthly report on time but accidentally dated it 1981 rather than 1982. Meanwhile, her six-year-old diabetic daughter was hospitalized with insulin shock. While the mother was staying in the hospital with her child, the form was returned with a notation that it was dated incorrectly. Although the mother then filed a corrected form, she lost her AFDC, Medicaid, and food stamps benefits because she had "failed" to comply with monthly reporting requirements. With the help of a Legal Services paralegal, she finally got her benefits reinstated. There was never any allegation that her circumstances had changed, or that she had income that made her ineligible for AFDC. The only reason for terminating her benefits was that her corrected form arrived after the deadline.

It is still too early to predict the effects of some of the worst AFDC changes passed for FY 1983. This is particularly true because many of the most harmful provisions are state options.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

In FY 1984 the Administration proposes to cut an additional $722 million in the federal AFDC budget by making a variety of changes in the AFDC law. Most of these changes were specifically rejected by Congress in FY 1982 and 1983. They include

- reducing the shelter and utilities portion of the AFDC grant when AFDC families live with others (Administration estimated cut: $229 million). In FY 1983 the Administration sought a similar mandatory provision. Congress then did not pass this proposal, but gave states the option of prorating a family's shelter and utility grant if the family shared a household with others. To our knowledge, not a single state has adopted this option, which the Administration now proposes to make mandatory.

  The proposal would penalize families that make a responsible decision to

conserve limited resources by sharing a household with others. The Administration's theory is that an AFDC family gets a "windfall" by sharing housing without having its AFDC grant reduced. In fact, a family's AFDC grant already must be reduced by any income that is actually available to them. In most cases when families decide to share housing, they do so because their full AFDC grant is already inadequate to meet their basic needs. In New Hampshire, for example, the maximum grant for a family of three is $346 a month. The cost in Manchester, New Hampshire, of renting a modest two-bedroom apartment is $353 a month.

Further, families typically share housing with other individuals who either do not have income or whose income is so limited that they, too, are forced to share housing to survive. According to the latest published HHS data, 1.4 million AFDC families share living quarters with people not included in their AFDC grant. Almost half of these families share living quarters with children who are not included in the grant (for example, disabled children receiving Supplemental Security Income or children still in school but too old to receive AFDC). In 28 percent of the cases, families share housing with adults who are themselves dependent on public assistance. Clearly, these families are sharing housing out of necessity, not because it creates a "windfall" for which they should be penalized.

Many states, including New York, New Hampshire, Vermont, California, and New Mexico, already reflect savings in housing costs by paying AFDC grants based on actual shelter costs. In these states, further reducing grants because families share a household would doubly penalize those whose benefits already reflect lower housing costs.

- requiring that the income of any parents or minor siblings (excluding Supplemental Security Income recipients) living with a child be counted when the child applies for or receives AFDC (Administration estimated cut: $131 million). When the Administration proposed this change in FY 1983 it estimated a cut of $63 million. The proposal would include siblings with incomes of their own in the AFDC assistance unit under the assumption that their income is available for use by the AFDC child and parents, even if the sibling has no legal obligation to contribute to the family. For example, a child receiving Social Security Survivor's benefits based on his decreased parent's earnings apparently would have to turn that money over to the use of siblings, half-siblings, and even a stepparent. Similarly, income from a personal injury settlement, such as an award to take care of a child's special needs following an accident, would be used to reduce the family's AFDC grant rather than to meet the child's special needs.

- mandating workfare for all able-bodied adult recipients (Administration estimated cut: $275 million). The Omnibus Budget Reconciliation Act gave states the option of creating workfare programs statewide or on a more limited basis. The Administration proposal to mandate workfare in FY 1983 was rejected by Congress. The current proposal would require states to implement statewide job search and CWEP (workfare) programs or seek a waiver from HHS to substitute work supplementation or grant diversion programs, instead. (Grant diversion programs pool AFDC grants otherwise payable to recipients and use them to create subsidized jobs.)

States have already shown their disinterest in statewide workfare programs. As of December 1982, only four states had instituted mandatory statewide workfare programs for certain or all eligible recipients. Other states have picked up the workfare option, but in a far more limited way--for example, in selected counties.

The administrative costs to states are substantial. In Kentucky, the state legislature rejected a workfare proposal after welfare administrators estimated it would cost the state $1 million to implement. Similarly, the administrative burdens on states are large.

The burdens on recipients are devastating. While some job assignments could encourage self-sufficiency, the program does not protect recipients from punitive assignments. (One workfare mother was assigned to work as assistant janitor in a grade school. Her job was to make sure that toilets were flushed.) Existing day care protections for parents with preschool children are also inadequate. In states like Massachusetts, only concerted advocacy efforts have diverted administrators from placing children in day care that does not meet minimum licensing standards.

- allowing states to require that parents of children ages three to six register for work programs if child care is available (Administration estimated cut: $3 million). Presently, with the exception of a workfare option, caretakers of AFDC children under six are exempt from work registration requirements. Cutting back on this protection for poor children is harmful. Further, because of limited day care slots, this proposal may use up day care needed by low-income mothers in order to have permanent employment. Quality day care for low-income families is already shrinking--nationally, Title XX cuts have resulted in an estimated 150,000 fewer subsidized day care slots. The Administration's total unwillingness to define appropriate child care under workfare may give states leeway to require parents to work even if children are placed in substandard day care.

- denying benefits to families when a parent leaves home to look for or maintain employment (Administration estimated cut: $5 million.) This proposal ignores the children's need for support and focuses solely on the actions of the parent, over whom the children have no control. It would make a family ineligible even if the father is unable to find employment or refuses to send money home. (Under current law, generally, only income actually available to a family is counted in determining eligibility.) The Administration compares this provision to one enacted in 1982, which precluded children from receiving AFDC based on parental absence due solely to active military duty. However, the FY 1983 provision was premised on the assumption that children of servicemen would have their needs met through an allotment from their parent's military pay. There is no similar tie to actual support under this proposal.

- eliminating the needs of an employable parent or other caretaker from the grant when the youngest child reaches 16 (Administration estimated cut: $22 million.) The Administration's rationale for this proposal is that it "would create an incentive for adults who are sufficiently free from child care responsibilities to pursue employment." This rationale ignores the fact that jobs are not available and that many of the caretakers affected by the proposal are older and less employable than others with whom they are

competing for jobs at a time when unemployment is 10.4 percent. Under current law, if a mother has a job, her income is already treated as available to her family and benefits are reduced accordingly. If she is unable to find work, the mere fact that she may be free from child care responsibilities does not justify ignoring her and her family's needs as this provision proposes.

- eliminating the Work Incentive (WIN) Program (Administration estimated cut: $271 million). WIN provides job counseling, training, placement, and support services for AFDC recipients struggling to find permanent employment. Despite the Administration's emphasis on putting AFDC recipients to work, and despite the interest Congress showed in FY 1983 in having states pursue WIN demonstration alternatives using WIN funding, the Administration proposes totally to eliminate WIN.

- extending sanctions against parents who fail to participate in work-related activities, who voluntarily leave a job or reduce their work hours, or who refuse employment without good cause (Administration estimated cut: $1 million). AFDC parents are already subject to sanctions for work-related misbehavior, including loss of deductions for work-related expenses, loss of the work incentive disregard, removal of the parent from the grant under certain circumstances, and denial of assistance to the entire family in AFDC-Unemployed Parent cases. The Administration proposes an expansion of these already severe sanctions.

- mandating changes in state child support enforcement to require states to adopt more effective means of collecting child support, such as wage attachments and offsets from state income tax refunds (Administration estimated cut: $56 million).

CHAPTER 6

Abused, Neglected, Homeless, and Disturbed Children

THE PROBLEM

Abused and Neglected Children: Each year about one million children are abused and neglected. Over 44,000 are sexually abused. At least 1,000 children die annually as a result of severe physical abuse or neglect, and the actual figure may be as high as 5,000.

Emotionally Disturbed Children: There are at least 3 million seriously disturbed children in this country. Two thirds are not getting the mental health services they need. Countless others get inappropriate care.

Children in Foster Care: Some 500,000 children have been separated from their families and are living in foster family homes, group homes, residential treatment centers, or institutions. Often, public or private agencies have made no attempt to prevent the children's removal from home in the first place. About 40 percent of these children have been in foster care an average of five years. Many grow up in foster care or institutions.

Children Awaiting Adoption: An estimated 100,000 children in out-of-home care cannot be returned home and are waiting for adoptive families. Many of these children have physical, mental, or emotional handicaps that make adoption difficult without the provision of special supports to the adoptive family and child.

All of these groups of children are especially vulnerable. Each year, some two million of them are seen by publicly supported child welfare agencies. In the past two years, their plight and that of their families has grown worse: there have been escalating reports of child abuse and neglect; many communities are

experiencing an increased demand for foster care placements; cutbacks have occurred in services for emotionally disturbed children and in services to prevent crises in troubled families. Unemployment, fiscal pressures, and reductions in basic income, health, and food programs have combined to overwhelm troubled children and families.

FY 1982 AND FY 1983 BUDGET ACTIONS

Even as the needs of abused, neglected, homeless, and disturbed children increase, the Administration's budget cuts have shrunk services for these children and their families.

Child Abuse Prevention and Treatment

For FY 1982 the Reagan Administration attempted to eliminate the Child Abuse Prevention and Treatment Act, which encourages a more coordinated state response to the needs of neglected and abused children. Congress rejected the Administration's proposal, but reduced funds for the program from $23 million to about $16.2 million.

For FY 1983 the Administration proposed an additional 31 percent cut in the state grant portion of the program, which provides funds to state agencies that respond to reports of abuse and neglect. The Administration also proposed merging the child abuse demonstration funds with other human services monies for research and demonstration. Congress also rejected these proposals. It maintained the state grant portion of the program at its FY 1982 funding level of $6.7 million, and funded child abuse research and demonstration at $9.5 million.

Congress also maintained funding for the National Center on Child Abuse and Neglect. And for the first time, Congress provided the Department of Defense with $5 million a year in FY 1982 and FY 1983 specifically targeted at child abuse prevention and treatment and family violence programs for military families. The Coast Guard also received $500,000 for child abuse-related activities in FY 1983.

Adoption Assistance and Child Welfare

The Adoption Assistance and Child Welfare Act of 1980, P.L. 96-272, was

enacted to offer homeless children protection and the hope of permanent families. Upon its enactment, the Department of Health and Human Services (HHS) estimated that if implemented fully, the law would save over $4 billion in out-of-home care costs over the next five years by reducing the average number of children in care by 30 percent.

In both FY 1982 and FY 1983, the Reagan Administration attempted to repeal P.L. 96-272 and combine the child welfare services, foster care, and adoption assistance programs that it covers into a block grant with no protections for homeless children. These proposals did not succeed in Congress. P.L. 96-272 remained intact, and proposals to fund the programs at over 20 percent below their previous year levels were rejected. Congress maintained the foster care and adoption assistance programs as entitlements, ensuring funding for as many children as are eligible for the programs. However, it cut the child welfare services program to $156.3 million for both FY 1982 and FY 1983--4 percent below the FY 1981 funding level.

The Adoption Opportunities Program, authorized in 1978 as part of the reauthorization of the Child Abuse Prevention and Treatment Act, was reduced from $5 million in FY 1981 to $1.9 million in FY 1982. It has been maintained at that level for FY 1983.

Title XX Social Services

In FY 1982 the Administration and Congress block granted the Title XX Social Services Program, which funded a range of programs for abused and neglected children and those in foster homes and residential treatment centers. Title XX (now the Social Services Block Grant) was cut 21 percent and funded at $2.4 billion. The block grant includes no targeted funds for low-income families; nor does it retain the previous Title XX requirement that states contribute $1 for every $3 received in federal funds.

For FY 1983 the Administration proposed an additional 17 percent cut in the block grant. Congress rejected this proposal after hearing about cuts in services and increased demands for care due to reductions in other basic support programs. Instead, Congress maintained the block grant at its authorized level of $2.45 billion for FY 1983. In a last effort to reduce the program's funds, the Administration provided money to states at the beginning of FY 1983 based on a

funding level of $2.4 billion, rather than the $2.45 billion anticipated in the continuing resolution.

Mental Health Block Grant

In 1981 Congress passed the Mental Health Systems Act. Among other things, it provided states and communities with limited funds to improve the delivery and coordination of services for seriously disturbed children and adolescents. Before the act was implemented, it was repealed and replaced by the Alcohol, Drug Abuse, and Mental Health Block Grant (ADAMH), so that it never had a chance to work.

As proposed by the Administration, the ADAMH block grant included no special funding for children's services. Although community mental health centers are required to provide outpatient care for children, many of the centers lack strong children's programs. The requirement that 20 percent of the alcohol and substance abuse funds in the block grant be used for prevention and early intervention activities does not apply to mental health funds. In FY 1982 and FY 1983 the block grant was funded at $439 million--more than 26 percent below the level at which the individual programs that now make up the block grant were funded in 1981.

THE CONSEQUENCES

Fiscal pressures on families are contributing to increased reports of child abuse and neglect and more requests for foster care. Unemployment and cutbacks in basic family support programs like AFDC, Medicaid, and Food Stamps have left many families overwhelmed by daily struggles for food, clothing, and shelter. Soup kitchens, bread lines, clothes closets, and emergency shelters for children and families are being pushed beyond their capacities. Requests for housing assistance--help with rent and utilities--are at an all time high, and in many states the Salvation Army, like other agencies, has reported a doubling or tripling of requests for aid since October 1981. When families cannot meet basic needs, many of them are turning to already burdened child welfare agencies in desperation:

- A survey of child abuse specialists in all 50 states and the District of Columbia, conducted in the fall of 1982 by The National Committee for

Prevention of Child Abuse, reported that 39 states had seen an increase in reported cases of abuse in the past year. Fifteen states said the number of confirmed reports was also increasing. Fourteen states said they were seeing more deaths due to abuse, and 33 states reported seeing more serious abuse. Despite these figures, 32 states said there had also been noticeable cutbacks in child abuse programs.

- In Maryland, 6 child abuse-related deaths occurred in 1980, 10 in 1981, and 22 as of December 20, 1982. (The state department of human services hopes to address the problem in 1983 by creating a parent aide program in its local offices with the use of Title IV-B funds.)

- In Philadelphia, general protective service reports in October 1982 were double those of a year earlier. Fifty percent of the 136 new reports in October were directly attributable to economic factors--families with no heat, food, or place to live. In some cases, the agency has used a state-financed Children's Fund to pay a gas bill or a security deposit and one month's rent--a more cost-effective alternative than the $32 to $55 a week it costs to place a child in foster care for a minimum of two to three months. However, the agency has not been able to do this for every family. In November emergency placements were requested for 139 children. Staff averted a number of these placements by helping families to get gas and electricity turned back on and to receive special food supplements. Even so, the 40 children placed in foster care during a relatively warm November was twice the number placed during November 1981.

- Most indicative of how desperate families feel is the 50 percent increase in abandonment cases that Philadelphia has seen between June 1981 and December 1982. Philadelphia protective service workers now handle 12 to 15 new cases of abandoned children each month.

- Dakota County, Minnesota, a county with a relatively high per capita income, witnessed a 23 percent increase in the number of child abuse reports between November 1981 and November 1982, in part attributable to increased economic pressures on families. About one third of these reports prove serious enough to require subsequent services, and the cases generally are of a more severe nature than those receiving services one year ago.

- In Dallas, Texas, the county child welfare unit has experienced a 26 percent increase in the number of children in foster care in the county--from 380 to 480--over the past 15 months. The children entering care are suffering from more serious conditions--burns, multiple fractures, and head injuries. Twenty percent of the children being placed have been in the state for less than a year.

- Dallas County has also seen an increase in requests for short-term emergency shelter. They get requests for 80 to 120 children a month. Fifteen to 20 children a month end up spending the night in the Child Welfare Intake Office due to a shortage of space in the shelters. Private agencies have seen similar increases in requests. The Buckner Baptist Children's Home in Dallas opened an emergency shelter in February 1982 to accommodate the requests for temporary care. The privately funded shelter, which can house 16 to 18 children a month for a maximum of 30 days, receives 60 requests a month. The

majority come from single parents who have been evicted and have no place to live. The mothers feel they can get by only if they can find someone to help care for their children.

The case of Mrs. Jones and her three preschool children is typical of those seeking help across the country:

> Mrs. Jones first applied to an emergency shelter after her unemployment benefits ran out, her gas and electricity were shut off, and she and her children were evicted from their home. For a while, the family stayed in the shelter. But when they had used up the time period they were allowed to stay there, they were asked to leave.
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> Mrs. Jones was desperate and distraught. The department of public assistance would not give the family an emergency check to make ends meet because they had no place to live. Yet no one at the shelter could care for Mrs. Jones's three children while she looked for housing.
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> When Mrs. Jones finally came to the attention of a local child welfare agency, sensitive workers there arranged to pay the emergency shelter extra money so the family could stay longer. Meanwhile, the agency purchased day care for Mrs. Jones's children so that she could search for a place to live. And they helped her work out her problems with the department of public assistance.
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> One of the workers also accompanied Mrs. Jones to a local community mental health center to assist her in getting help for her extreme anxiety. However, Mrs. Jones's case was only one of 40 this worker handled. The demands of cases like Mrs. Jones's have increased due to budget cuts. Already overloaded emergency care staff are struggling to give adequate attention to the families that need help.

In many states, increased demands for care have been accompanied by reductions in staff and services, thereby jeopardizing the quality of care available to abused, homeless, neglected, and disturbed children. Despite valiant efforts, few states have been able to fill the gap left by federal cutbacks.

- A year ago workers in Philadelphia were getting three to five new cases a week. Now they are getting ten. Intake, which formerly averaged 10 to 12 cases a day, is averaging 30 a day. Although the city has seen a 50 percent increase in cases over the past year, there are at least 20 fewer workers to meet the needs of children and their families. Caseloads average one worker for every 35 families (or at least 70 children). The assistant director of protective services states, "My staff is threatening anarchy."

- Dallas County, Texas, which has experienced a 26 percent increase in foster care, has lost 11 of its 290 child welfare workers since September 1982. Only the most severe cases are being seen.

- California lost $58.1 million in Title XX funds for the period October 1981 through June 1982. The state managed to maintain child protective services required by state law and out-of-home care only by transferring funds from the Child Welfare Services Program and the Low-Income Home Energy Assistance Block Grant and eliminating training. In spite of such efforts, cutbacks resulted in a 19 percent reduction in budgeted social work positions in 1981-1982, and a corresponding increase in caseload size. Not surprisingly, the state has moved away from providing preventive and supportive services and is focusing attention primarily on crisis intervention.

- Kentucky reduced its human services field staff by over 20 percent for FY 1982, severely restricting the services available to children in care. A 25 percent cut in travel also limited the staff's ability to monitor the quality of care children receive and to assist parents in visiting their children.

- Michigan mandated $18 million in salary and wage reductions for 1982. Social service workers accepted voluntary pay cuts. Staffing levels were frozen. Some staff were transferred from protective and family services positions to public assistance, employment and training positions where their salaries could be partially paid for with federal funds, resulting in much higher caseloads for those left serving children and families. Like Kentucky, Michigan also reduced its travel budget.

Even states that have tried to cushion the impact of federal cuts are facing grave difficulties. Title XX cuts in some states have exceeded 21 percent, because the federal government no longer requires that states contribute $1 for every $3 in federal funds and maintain key protective services for children. Over 25 states tried to absorb Title XX cuts in the first year by transferring funds to the Social Services Block Grant from the Low-Income Home Energy Assistance Block Grant. Others used funds freed up by changes in AFDC to bolster social services. Still others imposed or raised fees for services or limited those who could participate in the program. Several states, including California, Florida, and New Jersey, used funds that were available under the Title IV-B Child Welfare Services Program (to prevent placements and develop alternatives to foster care) to offset federal Title XX cuts and meet the demand for increased state funds.

But states will not be able to maintain indefinitely these stop-gap measures to minimize what in many states is almost a one-fourth federal funding cut. Numerous state officials warn that additional cuts in federal dollars will make it impossible to meet the increasing demand for services.

Cost-effective community-based services for emotionally disturbed children are shrinking. Already inadequate state and federal programs to meet the needs of disturbed children are diminishing in the face of budget constraints. The

absence of any federal guidance on child mental health provides little incentive for states to protect the needs of disturbed children.

- Just as the Alcohol, Drug Abuse, and Mental Health Block Grant (ADAMH) was being implemented in Tennessee, the state changed its standards regulating community mental health centers. Under the new standards, centers are no longer required either to offer or to coordinate children's services. The new standards, combined with federal and state budget cuts, have jeopardized children's programs. For example, the Children, Youth, and Families Program at the Meharry Community Mental Health Center in Nashville is highly regarded for its outreach to Black families and children. In April 1982 this program lost 70 percent of its children's staff. Its caseload of 600 children and adolescents has been reduced to 200, and staff are being forced to turn away urgent referrals. Meanwhile, the rate of admissions to residential and inpatient care programs for children is increasing. Inpatient psychiatric care costs about $9,000 a month in Tennessee, compared to Meharry's day treatment program cost of $1,000 a month.

- In FY 1982 New York State received $37.8 million in ADAMH Block Grant funds, roughly 33 percent less than the total combined annual funding under the individual programs consolidated in the block grant. Community mental health Centers were funded at $8.3 million--$4.1 million less than in FY 1981. A Governor's Task Force on the Federal Budget stated that the block grant cuts, combined with other cuts in health and social services, have made it much harder for the state to provide less restrictive and less expensive noninstitutional care to all the children and other dependent individuals who need it.

- In some cities, emotionally fragile older adolescents who have succeeded in foster care and been sent out on their own at age 18 are returning to their former caretakers. Many of these adolescents have lost jobs, but have not worked long enough to collect unemployment. In a number of states, they are ineligible for general assistance or for public assistance as part of their mother's grant. A job and stability are crucial for these youth, if they are to live independently and not rely upon public systems.

In some states, mental health care was affected relatively little by block grant cuts, because many of the community mental health centers already had faced eight years of declining federal funding, and had found some state and local sources of support. Funding for some has been provided through Title XX. Now cuts in the Social Services Block Grant have again threatened these programs.

FURTHER ATTACKS ON PROGRAMS

Although Congress rejected the Administration's proposal to repeal and block grant the adoption, foster care, and child welfare programs, the Administration has continued to give states the message that they can implement the Adoption Assistance and Child Welfare Act of 1980 with minimal requirements.

More than two years after the law's enactment, HHS still has not issued final regulations clarifying for the states their responsibilities to homeless children under the law. Although HHS issued regulations in proposed form on December 31, 1980, the regulations governing key programmatic requirements in the law have still not been issued in final form. Instead, in mid-July 1982, HHS again issued regulations in proposed form for comment, offering states no clarification of the law's mandates, and representing a drastic departure from the proposed regulations already issued by the Carter Administration. HHS has indicated that it does not plan to issue these programmatic regulations in final form until the third quarter of FY 1983.

Meanwhile, HHS has issued informal rules for assessing states' compliance with the law that allow states to extend the law's protections to many fewer children than are in care. Forty-three states had certified, as of October 1, 1982, that they were in compliance with the law for either or both FY 1981 and FY 1982. However, as of that time, only nine states had had their compliance status reviewed by HHS and been found to be in substantial compliance for the years they had certified. HHS initiated no reviews until Congress expressed strong concern about the Department's failure to implement the law. All 11 members of the Public Assistance and Unemployment Compensation Subcommittee (of the House Ways and Means Committee) charged HHS with operating the law as a block grant. The Subcommittee has requested a General Accounting Office review of HHS's compliance activities by the spring of 1983.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

At a time when social services programs within states are struggling to meet increasing reports of abuse and neglect, more requests for emergency shelter and foster care, and escalating pressures on already fragile families, the President's FY 1984 budget further limits the dollars available to support homeless, abused, neglected, and disturbed children and their parents. The President proposes

- cutting funds for services under the Social Services Block Grant by 10.5 percent. The President's budget shows a $50 million increase for the block grant, from $2.45 billion in FY 1983 to $2.5 billion in FY 1984. However, this does not reflect the fact that the block grant funds will be required to cover more services than ever before. The President wants to abolish the Community Services Block Grant, now funded at $348 million, and have the services it

provides--including a range of services to secure employment and to provide adequate housing and emergency assistance--included under the Social Services Block Grant. Under the proposal to combine these two block grants, states would receive $298 million less in FY 1984 than in FY 1983.

- eliminating the entitlement nature of the federal foster care program, authorized under Title IV-E of the Social Security Act. The Administration proposes to change the fundamental nature of this program from one that provides funding to states for all eligible children in foster care (an "entitlement") to one that will serve only a limited number of children with a fixed amount of funds. This represents a retreat from a responsibility for vulnerable homeless children that the federal government has shouldered for over 20 years. While the arbitrary cap of $440 million represents a small increase over the estimated FY 1983 funded level of $395 million, it will probably not be adequate for foster care services for children in states faced with reduced funds for family servcies and increasing requests for foster care.

- maintaining Title IV-B Child Welfare Services at $156.3 million for the third year in a row. In addition, the erosion caused by inflation would be exacerbated by the President's proposal to allow the services program to be used for child welfare training while eliminating the $4 million currently available through the Child Welfare Training Program.

- maintaining, without any increase, the $6.7 million appropriations level for state grants for child abuse and eliminating special funding for research and demonstration programs related to child abuse and other child welfare-related activities. The President has proposed no increases for child abuse funding even though 39 states have reported increases in child abuse reports during 1982. Instead of special funding targeted on child abuse, adoption, and child welfare research and demonstration, $9.2 million is proposed for a variety of social services discretionary activities--60 percent below current funding for research and demonstration efforts in these areas.

- maintaining, without any increase, the Alcohol, Drug Abuse, and Mental Health Block Grant at $439 million. This is approximately the level at which the block grant has been funded for the past two years, without any additional money to offset inflation.

- no change in the Adoption Assistance Program, authorized under Title IV-E of the Social Security Act. The funding level anticipated for this program is $5 million, the same as its FY 1983 level. Maintaining the program as an "entitlement" ensures that special adoption assistance is available to all eligible children who would otherwise have a hard time being adopted due to their special needs, including physical, mental, or emotional handicaps.

As these and other basic services for families are cut back, pressures on families that could cause them to turn to the child welfare, social service, or mental health systems will continue to increase. As described in more detail in other chapters, the President's FY 1984 budget proposes over $1.8 billion in cuts in the Aid to Families with Dependent Children (AFDC), Medicaid, and Food Stamp Programs for FY 1984 alone. A 34 percent decrease ($675 million) is recommended

for the Low-Income Home Energy Assistance Program, which helps poor families meet their utility costs. The Work Incentive (WIN) Program, designed to encourage AFDC recipients to achieve self support through the provision of training and job services, is targeted for elimination by the Administration.

CHAPTER 7

Education

THE PROBLEM

Many children are not learning in school and graduate or drop out unable to read, write, or compute well enough to get or keep a job. Education is crucial to ensuring that children grow up to be productive, self-sufficient citizens. For children who are behind in school and for handicapped children adequate education resources and opportunities are particularly essential.

First enacted in 1965, Title I of the Elementary and Secondary Education Act, replaced by Chapter I of the Education Consolidation and Improvement Act of 1981, was designed to provide remedial and compensatory instruction in reading and mathematics for educationally disadvantaged children living in low-income areas. Approximately 5.1 million students, preschool through grade 12, currently receive Title I services at a cost of $3.2 billion for FY 1983. Half of these students are minority.

Recent evaluations, including a national study by the U.S. Department of Education, have found that children receiving Title I services improved their reading or mathematics scores significantly over those children in need of but not served by Title I. Yet lack of full funding has forced the program to serve less that 45 percent of eligible children. Those children who now participate in Title I are concentrated in the lower grades of elementary school; fewer than 20 percent are at the junior and senior high school levels.

The Education for All Handicapped Children Act, P.L. 94-142, was enacted in 1975 to help the one million handicapped children then completely excluded from school, and some 3 million other special needs children who were then receiving

inappropriate education. The act has made an enormous difference--ensuring that over 4 million handicapped children have gotten into school and that large numbers are getting appropriate services. Still, the General Accounting Office estimates that 2 million handicapped children do not yet receive the appropriate special education services they need and are entitled to by law.

States choose whether to participate in P.L. 94-142. All states except New Mexico do so, and receive federal funds in return for satisfying the following federal requirements:

- States must have in place a policy that assures all handicapped children the right to a free, appropriate education.
- Since each handicapped child has unique needs, his or her education program must be individually tailored to those needs through an "Individualized Education Program," or IEP. Parents must consent to the IEP for their child and participate fully in the planning process.
- Special services, called "related services," (such as mobility assistance in school) needed for a particular child to participate in and benefit from special education must be provided.
- Handicapped children are to be educated with nonhandicapped children to the maximum extent possible, in the least restrictive (normally noninstitutional) setting.

FY 1982 AND FY 1983 BUDGET ACTIONS

President Reagan's proposed budget cuts in education have averaged 30 percent overall for each of the past two years, and the Administration has tried to eliminate completely several education programs. Congress has blocked some of these efforts. However, real spending for federal education programs has declined by 16 percent plus inflation since President Reagan took office. Further, increases in the Guaranteed Student Loan program and a modest supplemental appropriation in FY 1982 mask the much deeper erosion in key programs.

Title I

Congress thwarted President Reagan's attempt to eliminate the Title I program entirely and replace it with a block grant. However, in FY 1982 the

Omnibus Budget Reconciliation Act replaced Title I with a vastly weaker federal compensatory education program--Chapter I of the Education Consolidation and Improvement Act--authorized at $3.48 billion. The Administration succeeded in weakening the focus on children most in need, wiping out required parent advisory councils, removing most of the program's accountability requirements, and substantially reducing federal involvement in Title I.

For FY 1982 the Reagan Administration proposed to cut Chapter I funds to $2.48 billion, nearly $800 million less than FY 1981 expenditures, which had already suffered a $400 million rescission. The continuing resolution for FY 1982 allocated only $2.8 billion for the program, but Congress later added $148 million in a supplemental appropriations bill, which passed over President Reagan's veto. (This slight increase was to minimize drastic funding shifts between localities that had occurred based on the 1980 Census.)

In FY 1983 President Reagan requested only $1.98 billion for Chapter I, a 40 percent cut from FY 1981 levels. This proposal would have eliminated some 2.5 million needy children from the program in the 1983-1984 school year. Instead, Congress approved a $3.2 billion funding level for FY 1983, which restored Chapter I to the FY 1981 level.

Education for Handicapped Children

Since President Reagan took office, he has made two attempts to abolish the Education for All Handicapped Children Act and replace it with a block grant. The initial repeal proposal failed in FY 1982 when parents of handicapped children and members of Congress mounted a strong resistance. Then the Administration proposed an FY 1982 rescission that would have cut 31 percent of the state grants under P.L. 94-142 for the 1982-1983 school year: from $969 million originally appropriated in FY 1982 to $672 million. Once again, Congress rejected this proposal.

In FY 1983 President Reagan sought 30 percent cuts in P.L. 94-142, and the elimination of the Preschool Incentive Grant Program and the Title I program for the education of handicapped children in state-operated or supported schools (P.L. 89-313), which it wanted to fold into P.L. 94-142. Combined funding for these three programs would have been cut from $1.1 billion in FY 1982 to $772 million in FY 1983.

The Administration also proposed a second block grant for FY 1983 that would

have combined the discretionary grant programs under the Education of the Handicapped Act (early childhood education, deaf-blind centers, projects for the severely handicapped, and training grants for special educators) and cut funding for these programs by 16 percent.

Congress disapproved each proposal and fought back the Administration's first set of "new" proposed regulations for P.L. 94-142, which would virtually have eliminated protections for handicapped children and their parents. Education programs for handicapped children are currently funded at $1.1 billion for FY 1983, a level that is almost the same as that in FY 1981, despite over 17 percent inflation since then.

THE CONSEQUENCES

Thousands of children in need of remedial education have lost services entirely or had their services reduced. Even with the increase for Title I in the FY 1982 supplemental appropriations bill, many school districts are experiencing a Title I budget cut of 4 percent plus inflation. Large urban school districts are experiencing cuts of 10 percent plus inflation. These districts previously benefited from the $100 million Concentration Grant Program under Title I, which provided additional funds for the largest and poorest cities and most destitute rural areas, and has gone unfunded since FY 1982.

- In Indianapolis, 1,438 children lost services and 11 personnel lost their jobs when Title I funds were cut some $596,902--from over $5 million to $4.57 million.

- In St. Louis, some 20 fewer schools have Title I programs this year. Since 1980, Title I funds have dropped from $14 million to $9 million. Severe state budget cuts have aggravated the situation. Over 1,200 school personnel have lost their jobs, including 400 teachers. Over 8,000 children have lost services.

- In Detroit, roughly 6,500 children were dropped from the Title I program. Over 100 teachers lost work, along with 273 aides and 18 administrators. The city's Title I funds were reduced by over 21 percent, from $36.7 million to $29 million.

Many states and communities that have been desperately trying to hang on to their Title I programs are not succeeding.

- Lincoln, Nebraska, has never been able to provide remedial education to all the children who need it. An estimated 300 to 400 children still go unserved, and the size of the Title I program is shrinking. In 1979-1980 the program served 1,400 children. Now it serves 900. In the 1982-1983 school year, two

public and one private elementary schools were forced to drop out of the program. In the 1981-1982 school year all three of the city's high schools, one public and one private elementary school were dropped from Title I. Ten out of 20 Title I aides have lost work, along with four part-time professionals. There are still ten Title I-eligible schools in Lincoln that don't even participate in the program. The state gives very little aid to education in general.

- Minnesota's state education department estimates that 100,000 children in the state need extra help in school. Only 40,000 are being served--down from 60,000 one year ago. The department predicts only 30,000 will be served in 1984. The state has already cut back by focusing services on those children with the most severe learning problems. In Ada, Minnesota, the principal of a public elementary school now doubles as the lead Title I teacher and the Title I director. His administrative duties take up more than half his time, and he worries that when he's not available, the 12 to 15 fourth, fifth, and sixth graders for whom he is responsible have to work alone, "sit around," or return to non-Title I classrooms. The town's Title I program has been cut by more than half. Three years ago it served 120 students, then 60, now 40 children. The schools have lost a full-time teacher for learning disabled children and a Title I aide.

Handicapped children and their parents are living under constant uncertainty and threat of cutbacks in educational programs and services because of the Administration's efforts to eliminate P.L. 94-142.

Nine-year-old Sara is multiply handicapped and had been assigned to a special developmental clinic as part of her educational program. Because of funding problems, the clinic closed in the spring of 1982. Since then, Sara has been at home, without any schooling. The school district said that a new clinic would be opened in the fall. When September came, the family heard that a new clinic would not be open for two years because of funding problems. The closest comparable clinic is one and one-half hours away by bus. Sara's doctor has said that because Sara has seizures, she cannot make this long trip. School district officials say there is nothing they can do. They have refused to fit Sara into any of the district's other programs and have stopped looking for a clinic placement.

State and local school officials have already begun cutting back services as a result of the recession and the Administration's proposals to cut the federal budget and eliminate federal mandates protecting the rights of handicapped children.

- Michigan has passed "emergency rules" that allow handicapped children between the ages of 5 and 11 to be placed in the same classrooms, regardless of different disabilities. All teacher aides have been fired and caseloads for special education teachers have increased dramatically. Children with mild disabilities no longer need to be served at all.

- Missouri, even under existing federal regulations, has a blanket policy of serving all severely handicapped children in state-run residential schools. A continuum of alternative educational placements does not exist in the state,

in violation of federal law that education be provided in the least restrictive setting.

- In Pennsylvania, special education classes are being "realigned" or consolidated so that wide age and ability ranges exist among disabled children in the same classroom. Handicapped children of middle school and junior high ages are inappropriately placed at the elementary or high school level. In Steel Valley, Pennsylvania, because no junior high placements exist, four mentally retarded sixth graders must attend class at a high school with 1,100 teenagers. As a result, one child, Bobby, has been beaten several times by his older schoolmates. Bobby's parents, both unemployed steelworkers, worry about his safety at the high school, but school authorities say they don't have the resources to change Bobby's placement.

Urban school districts have suffered dramatically under the Reagan budget cuts. While President Reagan has proposed budget cuts of up to 37 percent in education alone, Congress has actually approved education cuts of about 25 percent, taking into consideration not only education programs but all those related programs that affect school funding and staffing (The Comprehensive Employment and Training Act, or CETA, Child Nutrition programs, etc.). This 25 percent cut in federal resources has been disproportionately hard on large urban school districts, which get about 16 percent of their overall funding from the federal government, compared to a national average of 8 percent.

Chapter II of the Education Consolidation and Improvement Act (ECIA) abolished 30 categorical education programs, which went overwhelmingly to the large cities, and replaced them with a block grant. The largest of the programs repealed by Chapter II was the $150 million Emergency School Aid program, which helped districts with desegregation-related problems. This program was important because of its civil rights requirements and because school districts were able to use its funds to provide special programs and services to attract children to racially mixed "magnet" schools. Elimination of Emergency School Aid, combined with the allocation by most states of Chapter II block grant funds to all local educational agencies (LEAs) in their jurisdictions on a per capita basis--not need or past participation--shifted funds disproportionately away from large cities. These cities are now strapped to pay for desegregation programs. Many magnet schools are in clear jeopardy. For example:

- Since New York State has chosen to allocate Chapter II monies on a per student basis, Buffalo has lost over $7 million in federal funds this school year in Chapter II programs alone. For the FY 1982-83 school year, it received $446,000 in Chapter II block grant funds passed through the state educational agency, compared to $7,651,652 in the 1981-1982 school year from the now-

abolished programs. Buffalo is under court order to desegregate and prided itself on the options available through its magnet schools. As a result of state policies, Buffalo has laid off 300 personnel associated with the magnet schools, and over 25,000 children have been affected by the cuts in program services. To keep the magnet schools open at all, the Superintendent has chosen to discontinue all art, music, and physical education in all the elementary schools district wide. Class size has also been increased to 33 in elementary schools, 35 in middle schools, and up to 175 in high schools, depending on the subject.

- Because of the new education block grant, the city of Minneapolis has lost 55 percent of its federal grant money, from $680,275 to $261,612. This has happened even though Minnesota's share of federal funds has increased overall by 15.4 percent from enactment of Chapter II. School districts in the balance of the state have averaged an increase of 23 percent. Roughly 2,800 children have lost various services as a result of the cutbacks in Minneapolis, and the jobs of 140 teachers and aides have been cut.

Large cities used about 65 percent of their discretionary grant funds (now block granted) on school desegregation programs. This money has now been reallocated to rural and suburban areas, many of which are using it to buy computers and copying machines.

FURTHER ATTACKS ON PROGRAMS

The greatest threat to education programs may not be budget cuts, but the Administration's attempts to destroy the regulatory framework that ensures accountability to children and their families.

Title I

Although Chapter I repealed Title I in 1981, its purpose remained the same. However, the means to enforce it changed. Under Chapter I, money continues to flow to local educational agencies to provide compensatory education for educationally disadvantaged children. But the nonexistence of accountability provisions, absence of federal oversight, and marginal state monitoring and enforcement leave the educational benefits eligible children will get up to the commitment of local school officials.

In July 1982 the Administration issued final regulations for Chapter I that failed to clarify the law's general provisions. As a result, Congress vetoed the Chapter I regulations by unanimous vote.

Today, how Chapter I programs operate is a very local decision. States have limited authority under Chapter I to enforce federal laws and safeguards. In clear jeopardy are the long-standing Title I provisions that

- children with the greatest educational need be given top priority;
- Chapter I funds be used mainly in low-income project areas for extra, special services;
- Chapter I funds be used only for the educationally deprived (not primarily to fund programs for handicapped children or those with limited proficiency in English);
- parents of children served by Chapter I be consulted in a meaningful way in the design and implementation of Chapter I programs; and
- Chapter I's fiscal requirements be met, protecting the expenditure of state and local funds for disadvantaged schools and areas receiving Chapter I monies.

It is too early to judge the effects of the changes caused by the new Chapter I program. The Title I program has been in place 17 years, and local and state school officials (like all of us) tend to operate as they have in the past. State educational agencies that have a history of close monitoring and extensive technical assistance are continuing, for the time being, to operate their Chapter I programs much like Title I. Connecticut, for example, has reinstated many of Title I's requirements at the state level to govern Chapter I programs. Many other states are adopting a laissez-faire attitude that, over time, could encourage the use of Chapter I funds as general aid.

Within the federal Department of Education itself, the Reagan Administration plans to cut Chapter I's staff by 28 percent, some 80 positions, because, according to internal department documents, "Direct monitoring has become a nonpriority activity. . . ." Recipients of federal funds are still subject to "fiscal accountability and evaluation; but this is no longer defined as a high Federal priority activity."

Education for All Handicapped Children Act

Over the past year the Department of Education's highest priority has been undermining the Education for All Handicapped Children Act, P.L. 94-142. A set of proposed regulations, published in August 1982, would have had disastrous implications for children and families. For example, these regulations would have

- allowed school districts, in certain instances, to develop Individualized Education Programs for children without their parents' participation, and to place children in special education programs before getting parents' consent;

- exempted school districts from providing a full range of placements and services for handicapped children, and allowed school officials to weigh the alleged "disruptive" impact of a handicapped child on his or her nonhandicapped peers in determining whether to make a placement in a regular program; and

- given educational agencies expanded discretion in limiting the provision of related services necessary for some handicapped children to benefit from special education.

Congress fought back these regulations by holding public hearings of its own and passing "sense of Congress" resolutions that the regulatory changes be withdrawn. Continued public and congressional pressure forced Education Secretary Terrel Bell to withdraw the most controversial sections of the proposed regulations, which would have eliminated existing requirements in six general areas: Individualized Education Programs, timelines for developing and implementing IEPs, parental consent, least restrictive environment, personnel qualifications, and evaluation personnel attending IEP meetings. At present, the Department of Education is "studying" some 24,000 sets of public comments on the proposed rules before publishing yet another, entirely new set of proposed regulations later this year.

Meanwhile, because of the Administration's past proposals and the general turmoil created by the anticipation of federal changes, many states have already begun to weaken their policies regarding education for handicapped children. They are restricting which children can receive special education services by tightening the definitions of disabilities and reducing requirements for periodic review of a child's special education placement. Minnesota's state legislature, for example, has demanded a report with options for reducing state mandates as soon as the federal law or regulations change. Parents and educators across the country are getting the message that P.L. 94-142 is "dead." A Pennsylvania school administrator sums up what he thinks the effect of federal attempts to undermine P.L. 92-142 would be: "The result in Pennsylvania and, I would surmise, in other states, will be a mixture of reduced mandates, reduced funds, considerable infighting on the local level, increased legal activity; all of which will undo much of the gain made since the inception of P.L. 94-142."

Meanwhile at the U.S. Department of Education, internal documents indicate

plans for ten positions to be cut in the Bureau of Special Education Programs for FY 1984 "as a result of a deregulation initiative to be completed in FY 1983."

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

The Administration's FY 1984 education budget proposal continues to undermine programs for the most disadvantaged: migrants, bilingual students, Indians, women, illiterate adults, handicapped children, and poor college students. At the same time, the Administration has proposed a tuition tax credit for middle- and upper-income families that could cost some $1.5 billion by FY 1986, take money out of the public schools, and put it into the private domain.

Title I (Chapter I)

More Title I cuts are proposed. For FY 1983 (the 1983-1984 school year) the Administration proposes

- rescinding (taking back) $125 million from the Title I funds allocated to local educational agencies; and
- rescinding (taking back) $9.9 million from state administration, evaluation, and migrant education under Title I.

Some 200,000 students would lose Title I services if these rescissions were passed by Congress.

For FY 1984 (the 1984-1985 school year) the Reagan Administration proposes a 1.5 percent increase for Title I funds to local educational agencies. This would leave the program's FY 1984 funding $200 million below Title I's FY 1980 appropriations. In addition, the Administration proposes

- cutting Title I programs for neglected and delinquent children by 33 percent;
- cutting the Title I program for handicapped children residing in state institutions (P.L. 89-313) by 28 percent (bringing the federal contribution to these children's education down from $603 per child to $431 per child and severely affecting the quality of services for multiply handicapped and severely retarded children);
- cutting migrant education programs funded under Title I by 49 percent, resulting in the loss of services for some 285,000 migrant children; and
- initiating an optional "voucher" mechanism under the Chapter I program. Details of the voucher mechanism are sketchy. To make vouchers improve the

options of the educationally disadvantaged, the Administration would have to ensure they are available to all needy children who are behind in school, fund vouchers at levels adequate to pay the tuition of quality private schools, give parents enough information to make decisions for their children, and require private schools to admit these disadvantaged children--all of which the Administration is unlikely to do, given its track record.

Education for the Handicapped

The Administration asks for a modest FY 1984 increase of 3 percent in funds for state grants (Part B of P.L. 94-142). However, this $28 million increase would not cover the Administration's own inflation projections for FY 1984 and would continue the erosion of services available to handicapped children. In addition, the Administration proposes

- cutting funds for deaf-blind centers, which presently serve some 6,000 children, by 38 percent. This could result in the closing of some 113 of the 300 programs across the country.
- cutting early childhood education projects by 30 percent (this is the only program that serves handicapped children under age three); and
- cutting by 32 percent the special education personnel development program, which encourages the preservice and inservice training of special education teachers.

Other Education Programs

President Reagan's FY 1984 budget would totally eliminate funds for Indian education, aid to libraries, women's educational equity, Follow Through, civil rights training and technical assistance centers, Ellender fellowships, cooperative education, international education and foreign language studies, veterans services, minority fellowships for graduate and professional study, and legal training for the disadvantaged. Special tutorial programs (TRIO) for disadvantaged college students would be cut 77 percent; bilingual education aid would be cut 32 percent; and vocational and adult education programs would be repealed and placed in a block grant, with a 40 percent reduction in funding. Existing student assistance programs (Pell Grants, Supplemental Educational Opportunity Grants, or SEOG, and State Student Incentive Grants, or SSIG) would be eliminated totally in favor of a new "self-help" Pell Grant Program. Families would be required to contribute 30 percent more toward their children's education before any federal college aid would be available. Many poor students might be forced to drop out of college.

CHAPTER 8

Child Nutrition

THE PROGRAMS

Millions of American children receive important nutritional benefits through the child nutrition programs supported by the federal government: the School Breakfast and School Lunch Programs, the Child Care Food Program, and the Summer Food Service Program. The School Lunch Program serves 23 million children in over 90,000 schools. Half of these children are from low-income families. The School Breakfast Program serves 3.4 million children in 34,000 schools. Nearly 90 percent of these children are poor. The Summer Food Service Program continues the School Lunch Program in some low-income areas during summer months when school is out. The program reaches about 1.4 million children, nearly all of them low income. The Child Care Food Program helps defray the costs of meals provided to children while they are cared for in day care centers or family day care homes. These meals reach over 800,000 children, about 70 percent of whom are low income.

In all of these programs, the bulk of federal funding goes to support meals served to poor children. About 80 percent of the federal funds in the School Lunch and Child Care Food Programs support free and reduced-price meals served to low-income children. Over 95 percent of the federal School Breakfast funds support meals for low-income children.

Child nutrition programs have an important effect. A major new study of the School Lunch and School Breakfast Programs, conducted at the University of North Carolina and based on data from the federal government's National Food Consumption Survey, found strong evidence that participation in the school food programs is associated with an increased intake in those nutrients children need

most in their diets. The study found that children participating in these programs had significantly improved intakes of those nutrients for which there is either clinical evidence of deficiencies among school-age children or evidence showing that substantial numbers of school-age children do not consume enough of the nutrient. The study also found that participating in the School Lunch and Breakfast Programs improved the nutrient balance of children's diets. Finally, it found the nutritional benefits of the school food programs to be particularly large for low-income children.

FY 1982 AND FY 1983 BUDGET ACTIONS

Child nutrition programs were cut drastically in 1981 by the Administration and Congress. The School Lunch Program was cut by 30 percent, or $1 billion a year, for FY 1982. These cuts were achieved primarily by lowering eligibility limits for free and reduced-price meals and by reducing federal subsidies for school lunches (with the largest reductions made in subsidies for reduced- price meals served to near-poor children).

The School Breakfast Program was also cut deeply--by about 20 percent. The Child Care Food Program was cut by 30 percent, or nearly $130 million a year. Federal support for meals served in many day care centers was reduced substantially. In addition, day care centers and family day care homes can now serve only two meals and one snack a day, regardless of how many hours the children stay in care.

The Summer Food Service Program was cut by about 25 percent. Programs previously operated by churches and religious organizataions, YMCAs and YWCAs, boys' and girls' clubs, and similar organizations were terminated. Only programs operated by school systems or local governments were allowed to remain in operation.

In 1982 the Administration proposed deep additional cuts in the School Breakfast, Child Care Food, and Summer Food Service Programs for FY 1983. The Administration proposed eliminating the Summer Food Program and that part of the Child Care Food Program operated in family day care homes. The remaining part of the Child Care Food Program, operated in day care centers, and the School Breakfast Program would have been combined into a block grant with a 20 percent cut in funding, on top of the funding cuts enacted in 1981.

These proposals for additional cuts in 1982, which would have had an especially sharp impact on low-income children, were rejected by Congress last year. Congress never really considered the proposal to block grant the Child Care Food and School Breakfast Programs.

The most far reaching of the Administration's restructuring proposals would involve terminating the federal role in all child nutrition programs and turning these programs over to the states as part of the Administration's "New Federalism" initiative. The Administration and the governors spent much of 1982 discussing "New Federalism," but the federalism proposal has not yet been submitted formally to Congress.

In fact, Congress has indicated strongly that it has no interest in turning child nutrition programs over to the states as part of a federalism plan. In September the House of Representatives adopted a nonbinding resolution calling for the federal government to retain primary responsibility for child nutrition programs. Senator Robert Dole (R-Kans.) introduced a similar resolution in the Senate, which attracted over 50 cosponsors--a majority of the Senate--although it was never brought to a vote.

THE CONSEQUENCES

As a result of cuts in the School Lunch Program, the number of participating children fell by over 3 million. Thirty-five percent of the decline came in the free and reduced-price lunch categories. There are now 1.1 million fewer children receiving free and reduced-price lunches each day than before the Reagan budget cuts.

In addition, 1,000 to 2,000 schools dropped out of the lunch program because of the budget cuts. When schools drop the program, low-income children are hurt most because free and reduced-price meals are no longer available.

Some 900,000 fewer children now participate in the School Breakfast Program because of the budget cuts. Nearly 70 percent of the decrease was in free or reduced-price breakfasts served to poor or near-poor children.

Because of the effects of cuts in the Child Care Food Program combined with cuts in other federal programs that provide support for low-income day care facilities (such as social services funding and the Comprehensive Employment and Training Act, or CETA), some day care facilities have been forced to close. Many of those remaining open are raising the fees charged to low-income working

parents, reducing the number of children they serve, or reducing the quality of care they provide.

Summer lunches have been eliminated for 500,000 low-income children who had been served in previous summers by churches and nonprofit organizations, because of both budget cuts and new restrictions on who can operate Summer Food Service Programs.

FURTHER ATTACKS ON PROGRAMS

The most notorious effort to alter the child nutrition programs through regulatory means came when the Agriculture Department proposed its famous "ketchup as a vegetable" rule. Although the aspect of this rule that drew the most attention was the proposal to allow ketchup and relish to count as vegetables in the child nutrition programs, the rule also contained proposals to reduce significantly the amounts of food and milk provided to children in these programs. The Administration abandoned this regulation only after it became a major source of embarrassment and ridicule.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

The Administration is proposing a series of major new cuts in child nutrition programs. The new Administration proposals are all aimed directly at low-income children and include

- proposing to combine the three child nutrition programs most heavily targeted at low-income children into a block grant, with funding cuts ranging from 29 percent in FY 1984 to 40 percent in FY 1988. The Agriculture Department estimates that without any new cuts, the School Breakfast Program, Child Care Food Program (not counting the Head Start component), and the Summer Food Service Program would cost $752 million in FY 1984. However, the Administration is proposing only $535 million for its new block grant, which represents a cut of $223.9 million, or 30 percent. This is on top of 15 to 30 percent in cuts made in FY 1982. In addition, the new block grant would make no allowance for food price increases in future years (as the programs do now) and would be authorized for a number of years at the same $535 million level. Finally, in sharp contrast to the structure of the current programs, the block grant would serve a finite number of children instead of all those meeting certain eligibility criteria. Using the Administration's own budget and economic assumptions, the $535 million block grant would result in a cut in these programs of more than 40 percent by FY 1988. (See the "Head Start" chapter for a discussion of what would happen if part of the Child Care Food Program were transferred directly into the Head Start Program.)

- proposing a six-month delay in cost-of-living adjustments (COLA's) in school lunch reimbursements. This is part of the Administration's overall proposal for six-month COLA delays in indexed programs and is supposed to save $66 million. The Administration's rationale for this proposal is that Social Security and similar programs were overindexed from 1978 to 1982, when the Consumer Price Index (CPI) overstated inflation due to the upward impact of mortgage interest rates and home ownership costs on CPI. However, the Administration has ignored the fact that the School Lunch and Food Stamp Programs are not indexed by the overall CPI--they are adjusted to reflect changes only in food prices. They were not overindexed from 1978 to 1982. In fact, school lunch reimbursement (and food stamp benefits) were cut during this period as a result of successive rounds of budget cuts in 1980, 1981, and, in the case of food stamps, 1982. In addition, the proposal for a six-month delay in the school lunch cost-of-living adjustment hits hardest at the poorest school districts because federal reimbursements for free school lunches for poor children are much larger than reimbursements for lunches provided to middle-income children. The poorer the school district and the higher its concentration of low-income children, the more in school lunch funds it would lose. Cities and poor rural areas would bear the brunt of this cutback.

- proposing to raise reduced-price lunch prices again. The budget calls for a gradual reduction in the federal reimbursement that school districts would otherwise receive for reduced-price lunches, and a corresponding increase in the price of reduced-price lunches, in accordance with inflation. For example, if food prices rose one eighth during the next two years, reduced-price lunch prices would increase from 40 cents to 45 cents. This is on top of the 1981 prices increase of 300 percent (from 10 cents to 40 cents), which was followed by a 16 percent drop in the number of children receiving these lunches. Reduced-price lunches are available only to children from families between 130 and 185 percent of the poverty line.

- requiring families to apply for free and reduced-price lunches through food stamp offices. In 1981 the Administration and Senate Agriculture Committee Chairman Jesse Helms (R-N.C.) pushed through a provision requiring schools to verify school lunch applications for free and reduced-price meals. Nearly one and one-half years later, the Agriculture Department has failed to issue regulations implementing this provision. Nevertheless, the Administration has now decided to propose a change, and to require that the verification be done at food stamp offices. This does not make sense from an administrative standpoint (food stamp offices are overburdened as it is and do not have the staff to take on the job of handling school lunch verifications) and is likely to result in more eligible families and children dropping out of the School Lunch Program. Millions of the children receiving free or reduced-price lunches come from families that do not participate in the Food Stamp Program. If these families are forced to apply through food stamp offices in order to receive free or reduced-price lunches, some will drop out of the lunch program despite their need, because they are too proud to deal with the local welfare authorities who administer food stamps.

CHAPTER 9

Food Stamps

THE PROGRAM

The Food Stamp Program serves 21 million low-income Americans, over half of whom are children. About 80 percent are either children, single-parent heads of households with children, or elderly or disabled individuals.

Families must have limited incomes and limited assets to qualify for food stamps. The most recent data from the U.S. Department of Agriculture show that food stamp households have average gross incomes of $349 a month and average cash assets of $62. Over 90 percent of all food stamp households have gross incomes below the poverty line. The remaining households have incomes slightly above the poverty line but have high shelter costs, or work and have part of their gross income consumed by taxes.

The number of people receiving food stamps may seem large until it is compared to the 32 million Americans living in poverty in 1982. There is little question that this number has grown as a result of rising unemployment.

The Food Stamp Program is especially important during times of recession and high unemployment. Many of the unemployed cannot receive welfare benefits even if they are impoverished, because about half the states do not provide welfare benefits to unemployed families if both parents are present in the home. As a result, for large numbers of jobless Americans whose unemployment insurance benefits have expired, food stamps is the only benefit they can receive.

The benefits themselves are quite modest. The average food stamp benefit is now 47 cents per person per meal. The value of combined basic welfare (AFDC) and

food stamp benefits falls below the poverty line in all but three states. In some states, especially in the South, the value of combined benefits equals only about half of the poverty line.

FY 1982 AND FY 1983 BUDGET ACTIONS

The Food Stamp Program was cut sharply in FY 1982 and then cut further in FY 1983. Total cuts exceed $2 billion a year. Although the Administration claimed it was reducing fraud and abuse and removing benefits only for those who had adequate incomes and did not need food stamps, about 80 percent of the reductions in benefit payments came by reducing benefits for those with gross incomes below the poverty line. Much of the remaining savings came from reducing or terminating benefits for families slightly above the poverty line who work and pay taxes out of their incomes. Savings from new initiatives to reduce fraud and error have been marginal.

The Food Stamp Program has been cut more deeply (in percentage terms) than any other federal benefit program. It has been reduced nearly 20 percent below the levels it would have attained had the cuts of the last two years not been made.

Among the major reductions are a series of cuts that will have a particular impact on low-income children and their families:

Basic benefit levels. Up until now, food stamp benefits have been tied to the Thrifty Food Plan, a food plan designed a number of years ago by the U.S. Department of Agriculture. The Thrifty Food Plan is the cheapest food plan any federal agency has ever devised, and has been criticized by medical researchers and nutritionists since its inception. The Agriculture Department's most recent National Food Consumption Surveys confirm this criticism. The surveys show that five out of every six families whose food expenditures are at the level of the Thrifty Food Plan fail to obtain the Recommended Daily Allowances for the basic nutrients.

Despite this, last year Congress lowered the food stamp benefit levels to one percent below the cost of the Thrifty Food Plan. This was an across-the-board cut that will lower benefits between $150 million and $200 million a year. Benefits for all food stamp households, including the poorest, will be affected. No one in Congress attempted to provide much of a rationale for this cut--other than that it would save money.

Reductions in benefits for working families. Previously, 20 percent of the earnings of working families were deducted and not counted as available income when determining a family's food stamp benefit level. This was done because working families must pay taxes and incur work-related expenses, and these taxes and expenses average about 20 percent of their gross earnings. The 1981 Omnibus Budget Reconciliation Act reduced the deduction from 20 percent of earnings to 18 percent of earnings, which is below the taxes and work expenses of many working food stamp families. This is not only bad food stamp policy but creates a disincentive for families trying to stay employed.

Food stamp income limits. In FY 1982 food stamp income limits were lowered for the third time in three years. Some 875,000 people were dropped from the program. Nearly all of these people were members of households that had gross incomes between 130 percent and 150 percent of the poverty line and who either had high shelter costs, or who worked and had to pay taxes and work expenses (such as child care costs) out of their earnings.

Reduced benefits for many renters. A new provision enacted in 1982 and just beginning to take effect will lower food stamp benefits for most renting families who are not billed separately for heating bills (and who have their heating costs reflected in their rents, instead). In many cases the benefit reductions for these families, which include many low-income AFDC and Supplemental Security Income recipients, will be substantial.

Deep as these cuts have been, they would have been much more severe if the Reagan Administration had succeeded in getting Congress to enact all the food stamp cuts it requested. Although Congress did cut the Food Stamp Program as much as the Administration asked in 1981, Congress accepted well under half of the additional cuts sought by the Administration in 1982.

THE CONSEQUENCES

As a result of food stamp cuts, about one million people have been removed from the program, and nearly all others, including the poorest of the poor and the elderly, are receiving smaller benefits than they would have under prior law. All working families on food stamps--about 1.3 million people--have lost some food stamps as a result of the greater amount of earnings that they must now claim in determining food stamp benefits. Many families with incomes only slightly above the poverty line have lost benefits entirely.

FURTHER ATTACKS ON PROGRAMS

The Administration is also revising food stamp regulations in an effort to make further cuts in food stamp benefits. Recent proposed regulations, for example, endeavor to "get around" a statutory ban against reducing benefits for low-income households receiving state or local energy assistance payments. The proposed rule would allow the Administration to define "state or local energy assistance" very narrowly, so that many legitimate energy assistance payments made by state or local governments would be counted as regular income and result in cuts in food stamp benefits. Tens of millions of dollars in additional benefit cuts could result.

In addition, the Administration and Congress have made a series of changes that will make the program less accessible to some low-income recipients. Food stamp "outreach" has been ended in most areas, so that some low-income families, particularly elderly people confined in their homes and some of the recently unemployed, may not know they are eligible for food stamps. Minimum federal requirements on the locations and hours of operation of food stamp offices have been dropped, which may cause a return to times when some rural families had difficulty in getting food stamps because the food stamp offices were not accessible. In addition, federal standards governing many food stamp certification and verification procedures have been dropped, which may lead to barriers to participation in the program in those states or counties where hostility to the Food Stamp program remains strong.

Finally, the Agriculture Department is cutting back on the monitoring and enforcement of state compliance with those statutory and regulatory requirements that protect the rights and benefits of eligible food stamp recipients.

THE ADMINISTRATION'S FY 1984 PROPOSALS

For the third year in a row, the Reagan Administration is proposing deep cuts in the Food Stamp Program. The Administration is calling for new cuts of $757 million in FY 1984 (on top of the more than $2 billion a year in cuts enacted over the past two years), and of $2.9 billion in FY 1985 to FY 1986. Despite the Administration's efforts to claim that it is cutting waste and fraud and protecting the "truly needy," the new proposals--like the food stamp cuts of the

past two years--would result in substantial benefit reductions for millions of poor families.

- The Administration is proposing a six-month delay in the annual food stamp cost-of-living adjustment. The adjustment, now made each October, would be postponed until the following April, instead. Yet, it would still be based on food prices for June of the previous year. In other words, food stamp benefits for the period from April 1984 through March 1985 would be based on the cost of the federal government's cheapest diet plan back in June 1983. Food stamp benefits would lag 9 to 21 months behind the cost of a diet that many nutrition authorities consider to be already inadequate.

  The proposal for a six-month delay in the "cost-of-food" adjustment is tied to the Administration's broader proposal for six-month delays in the cost-of-living adjustment for Social Security and other indexed programs. The justification for the broad proposal is that Social Security and similar programs were overindexed from 1978 to 1982 when the Consumer Price Index (CPI) exaggerated inflation as a result of distortions caused by rising mortgage interest rates and homeownership costs. However, the Administration has ignored the fact that this rationale does not apply to Food Stamps (or child nutrition programs). The food assistance programs are not indexed by the CPI--they are adjusted to reflect changes only in food prices. They have not been overindexed.

  In fact, the Food Stamp program has been under-indexed. As a result of last year's budget cuts, food stamp benefits are now set slightly below the cost of the thrifty food plan, the government's cheapest diet plan.

  The proposed delay in the food stamp cost-of-food adjustment would result in a further reduction in food purchasing power for all stamp households, including the poorest households.

- Most of the 1.4 million working poor families on food stamps would have their benefits cut by a new Administration proposal to alter the formula for computing the benefits of working families. The proposal reduces the "earned income deduction"--which is supposed to compensate for taxes and work-related expenses paid by working families--to a level well below what those expenses actually are. A working family of four with earnings at the poverty line would have its benefits cut $230 a year. A family with full-time earnings at the minimum wage (which is well below the poverty line) would lose over $100 a year in food stamps.

- Several million families with high shelter costs would also have their food stamps cut. The Administration is proposing to redesign the food stamp "shelter deduction." The result would be that those poor families with the highest shelter costs in relation to their incomes would have their benefits cut the most. About 2 million families with high shelter costs would each lose $250 a year or more in food stamp benefits. While there are somewhat more of these families in the North than in the South, there are substantial numbers of these families in every part of the country (especially in cities, where rental costs are usually higher than in rural areas). The benefit losses suffered under this proposal would be in addition to the benefit cuts that would affect the working poor. Some working poor families who also have high shelter costs would lose $400 to $500 a year in food stamps.

- The Administration is proposing to require all persons who live in the same residential unit to apply for food stamps as one household, regardless of whether or not they actually eat together, share expenses, and are an economic unit. Due to the shortage of low-cost housing, some families have "doubled up." Under this proposal, if a poor family with no place to go moved in with a family of somewhat more moderate means, some or all of the poor family's food stamps would be cut off.

- The Administration is proposing to mandate that all states operate food stamp "workfare" programs, in which recipients are paid no wages for their work but instead "work off" the value of their food stamp benefits, often at dead-end jobs. An identical proposal is included in the AFDC budget.

  Workfare is now a state and local option in food stamps (and AFDC). Only a limited number of areas have adopted it, in part because all major studies of workfare have indicated that it is not cost-effective.

  The Administration is also including in its workfare proposal a new requirement that 16- and 17-year-old children and mothers with children between the ages of 3 and 6 must participate in food stamp workfare programs (currently these persons are exempt). If a person failed to complete a workfare assignment, the entire household (including all children and elderly persons) would have all its stamps cut off.

Other Proposals

The Administration is also proposing other changes that would

- shift several hundred million dollars a year in costs to states through a revision in the system for penalizing states with high food stamp error rates. Even the Administration acknowledges this proposal would have little effect in reducing error rates--it would simply shift costs to state governments at a time when many states are faced with their own budget crises.

- reduce the food stamp benefits of some of the poorest AFDC families through a proposed "standardization" of food stamp benefits for AFDC household.

- make destitute families in emergency hunger situations wait up to eight days before getting food stamps (instead of waiting up to five days, as 1982 Food Stamp legislation requires or up to three days as earlier Carter Administration regulations had provided.)

CHAPTER 10

Special Supplemental Food Program for Women, Infants and Children

THE PROGRAM

The Special Supplemental Food Program for Women, Infants and Children, often referred to as the WIC program, is one of the most successful of all federal programs. Run through health clinics, WIC provides prescription food supplements (consisting of such foods as iron-fortified infant formula, milk, eggs, fruit juice) and nutrition counseling to pregnant and nursing women, infants, and young children. To be eligible, women, infants, and children must be low income and be determined by a medical professional to be at risk of illness due to inadequate nutrition.

The WIC program reaches about 2.3 million women, infants, and children, but it does not reach all who need its services. Across the country, tens of thousands of women, infants, and children are placed on waiting lists or simply turned away because there are insufficient funds to serve them. Several hundred counties have no WIC program at all. Overall, about two or three times as many people are eligible for WIC and in need of its services as actually receive its benefits.

Medical research at major universities and at a number of state health departments has found WIC to be extraordinarily effective. A study conducted at the Harvard School of Public Health found that WIC caused a marked reduction in the incidence of low-birth-weight infants. Low birth weight is the eighth leading cause of death among children in the United States. Low birth weight is also associated with increased incidence of disabilities such as blindness, deafness, and mental retardation. The Harvard study found that, because of the

reduced incidence of low-birth-weight infants needing extended hospital care after birth, each $1 spent in the prenatal component of WIC actually averts $3 in hospital costs.

A separate study conducted by the Massachusetts Department of Public Health provided important evidence of WIC's role in reducing infant mortality. In the study, 4,000 births to WIC mothers were compared with 4,000 births to similar women who were not on WIC. The neonatal mortality rate for the WIC births was only one third as great as for the non-WIC group. In addition, data collected by numerous states and by the Centers for Disease Control (of the Department of Health and Human Services) show that WIC also results in marked reductions in anemia.

FY 1982 AND FY 1983 BUDGET ACTIONS

For two consecutive years, the Reagan Administration proposed to make deep cuts in the WIC program. In 1981 the Administration proposed to cut funds for the program by over 30 percent. About three quarters of a million low-income women, infants, and children at nutritional risk would have been removed from the program. Congress rejected this cut.

In 1982 the Administration changed strategies in a new effort to cut the WIC program. This time, the Administration proposed to terminate WIC as a separate program and merge it into the Maternal and Child Health Block Grant. The amount of funds added to the existing block grant to compensate for the elimination of WIC as a separate program would have been small--about 35 percent to 40 percent less than the amount needed to continue to provide WIC foods to current WIC participants. Nearly one million women, infants, and children would likely have had their WIC nutrition supplements ended if this proposal had been adopted. Once again, however, Congress rejected the Administration proposal.

The original "New Federalism" proposal, unveiled by the administration in February 1982, would also have ended WIC. WIC would have been one of the programs turned over to the states. This aspect of the "New Federalism" proposal drew fire from a number of governors, including Governors James Hunt (D-N.C.) and Richard Lamm (D-Colo.). Last summer the Administration agreed to remove WIC from its federalism proposals and to retain the program at the federal level.

In fact, WIC is one of the few programs for low-income families that has managed to escape budget cuts to date. The Congress has appropriated $1.09

billion for WIC in FY 1983. This will allow close to 2.3 million people to be served in the program--just about the same number as when the Reagan Administration took office. The WIC program has strong bipartisan support on Capitol Hill, where it is widely regarded as one of the most effective programs run by the federal government.

FURTHER ATTACKS ON THE PROGRAM

In FY 1981 the Administration encouraged some states to cut their WIC programs while large sums of WIC money remained unspent in other states. From the time the Administration took office until the end of the fiscal year, about 200,000 women, infants, and children were removed from the program while $60 million in WIC funds went unspent.

In FY 1982 Congress ordered the Administration to restore the people cut from the program in 1981, and to manage WIC funds more effectively. Congress directed the Administration to serve the maximum number of people in need that the available funds would permit. While the severe mismanagement that occurred in 1981 was not repeated, the Administration still failed to follow Congress's directive fully. By August 1982, five states were running out of WIC funds and terminating needy persons from the program, while over 25 other states had unused funds available. Although the law requires the department of Agriculture to move funds from states that are not using them to states needing additional funds, the department declined to take this step. In late August a federal district judge ruled that the department's failure to "reallocate" the unspent funds was illegal, and ordered that the funds be used to stop the cutbacks in the five states that were running out of money. Today the people removed from the program have been restored.

Finally, the Administration made an abortive effort to add highly sugared cereals and chocolate milk to the list of "prescription foods" provided to WIC mothers and children. The highly sugared cereals and chocolate milk had been barred from the program in 1980 in a regulatory action taken by the Carter Administration. In response to requests from the cereal and sugar industries, the Reagan Administration prepared a rule to bring these products back into the program. At the last minute, the Administration decided to postpone publication of the rule until after the November elections, in order to avoid bad publicity. Despite this, news of the Administration's plans to restore the highly sugared

cereals leaked to the press. The plans were attacked in a number of papers across the country. Fearing further bad publicity and embarrassment on this issue, the Administration subsequently abandoned plans to add these highly sugared foods to the WIC program.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

The Administration's new budget proposes to hold the WIC program in FY 1984 at the same funding level as in FY 1983 ($1.09 billion), without any provision for inflation. The Congressional Budget Office estimates that food prices will be approximately 5 percent higher in FY 1984 than in FY 1983. Failure to provide funds to offset this increase in food prices would result in approximately 115,000 low-income pregnant women, infants, and children at nutritional risk being dropped from the program (5 percent of the current 2.3 million participants).

This net reduction in the WIC program by the Administration would come at a time when the number of people in need of WIC services is growing. Recent reports from a number of cities and states around the country (documented by both the Children's Defense Fund and the Food Research and Action Center) shows that as a result of the deep, prolonged recession, infant mortality rates are rising for the first time in years in a number of economically depressed areas. Women and children need WIC services badly now.

CHAPTER 11

Child Care

THE PROBLEM

Adequate child care is a pressing need for many American families. The supply of child care lags so far behind need that as many as 6 to 7 million children 13 years old and under, including many preschoolers, may go totally without care while their parents work. For example, one Wichita, Kansas, mother left her two children, ages three and four, in her car in a plant's parking lot while she worked. As more and more parents of young children work, child care needs will become even more of a problem.

- Forty-two percent of mothers with children under three are in the labor force.
- Fifty-four percent of mothers with children ages three to five are in the labor force.
- By 1990 at least half of all preschool children, 11.5 million, will have mothers in the labor force, as will about 17.2 million, or 60 percent, of all school-age children.

Due to the increased number of working parents, the need for infant care is steadily climbing. At the other end of the spectrum, the lack of after-school programs leaves millions of school-age children as young as six waiting up to four hours a day in empty homes or in school yards until parents return from work.

For many children in one-parent working families, the need for child care is especially critical. Over one third of these families, most often headed by women, live below the poverty level.

FY 1982 AND FY 1983 BUDGET ACTIONS

Since President Reagan took office, he has attacked the two major programs providing direct federal support for child care: the Title XX Social Services Program and the Child Care Food Program.

Title XX

In FY 1980 Title XX paid for all or part of care in licensed child care centers and homes for some 750,000 low- and moderate-income children at a cost of $650 million. In FY 1982 the Reagan Administration proposed, and Congress agreed, to replace Title XX with the Social Services Block Grant. Funding was reduced 21 percent, from $3.1 billion to $2.4 billion. The block grant eliminated a targeted $200 million in federal funds for child care, and a separate Title XX training program. A requirement that the states supply $1 for every $3 in federal money was removed.

For FY 1983 President Reagan proposed an additional 17 percent cut in the block grant. Congress rejected this proposal and maintained the block grant at its authorized level of $2.45 billion.

The Child Care Food Program

This program helps defray the costs of meals provided to children while they are cared for in day care centers or family day care homes. Meals are served to almost 900,000 children, about 70 percent of whom are low income. In FY 1982 the Child Care Food Program was cut by 30 percent, or nearly $130 million a year. Federal support for meals in many day care centers was reduced substantially. In addition, day care centers and family day care homes can now serve only two meals and one snack a day, no matter how many hours the children are kept in care. In FY 1983 the Administration proposed eliminating all funds for the Child Care Food Program for family day care homes. The remaining part of the program (child care provided in centers) and the School Breakfast Program were to have been combined into a block grant with a 20 percent cut in funding on top of FY 1982 reductions. Congress rejected this proposal and funded the program at approximately $332.5 million for FY 1983.

Other Programs

The accessibility and quality of child care has also been affected by funding cuts in other federal programs. For example, the amount of child care costs that families can be compensated for under the Aid to Families with Dependent Children (AFDC) program has been reduced to $160 a month per child. Many programs lost critical staff when the Public Service Employment component of the Comprehensive Employment and Training Act (CETA) was eliminated. Although Head Start's direct funding has been barely preserved by the Administration in its so-called "safety net," numerous federal programs that support Head Start and its families--including the Child Care Food Program, CETA, AFDC, Food Stamps, Medicaid, and the Supplemental Food Program for Women, Infants and Children (WIC)--have been cut.

The Child Care Tax Credit

This credit, enacted in 1976, provides a federal income tax credit for taxpayers who require child care for their dependent children in order to work or seek employment. The credit is the single largest federal expenditure for child care, and is claimed by 4.2 million families, primarily those in the middle and upper income brackets. It cost the federal government about $1 billion in 1981.

In 1982 the IRS agreed to place a new line for the credit on the 1040A short form in calendar year 1983. This will allow many low-income families that do not use the long form to gain increased access to the credit.

The Economic Recovery Tax Act of 1981 raised the maximum amount of expenses against which the credit can be taken from $2,000 to $2,400 for one child and from $4,000 to $4,800 for two or more children. The Act also expanded the credit for families in lower income brackets. Yet, because the credit is not refundable, people with low incomes who do not owe taxes cannot benefit from these provisions.

THE CONSEQUENCES

The United States government has never had a coherent child care policy, and federal budget cuts have placed great strains on child care centers and family day care homes already receiving fragmented and inadequate public support. Many

programs have been forced to curtail services for low-income children and families.

Child care centers are serving fewer low-income children. In order to keep their doors open, some child care centers have been forced to serve fewer low-income children and families. New policies have eliminated child care for these families or resulted in fees that poor families cannot pay. Centers have switched to a greater number of higher income families who can pay. A state day care administrator commented: "Programs are taking fewer subsidized children and more whose parents can afford to pay privately for their care. Instead of taking ten state-funded children, they are taking two."

- In January 1980, two child care centers in Black Hawk County, Iowa, served a total of 42 fee-paying children and 58 poor children subsidized under Title XX. In November 1982 the centers served 69 children whose parents paid full costs and only 42 children who received Title XX assistance.

- In Wilmington, Delaware, the Salvation Army opened a center to serve the children of working poor families. Recently, it faced the prospect of closing because of dwindling enrollment. About two thirds of its children used to be subsidized by Title XX; now only about one third receive subsidies.

- A Grand Rapids, Michigan, day care center used to serve 55 children, all of whom received public subsidies. Now the center serves 31 children, none of whom receives a subsidy.

Poor working families and women in school or training programs are among those hardest hit by child care cuts.

- To cut costs, Delaware passed a requirement that no school-age children can receive subsidized child care. Nor can mothers who attend college or post-high school training programs that last more than one year. In addition, all working families must pay at least $10 a week for services that some poor families used to receive free. The new guidelines have forced nearly 1,000 parents to withdraw their children from centers; these are often single mothers earning small incomes or trying to complete their education. Many can no longer qualify for day care or afford the new state fee for service--as much as $30.50 a week for two-parent families earning a gross weekly wage of $180.25. In Sussex County, Delaware, 6 of 13 sites serving low-income mothers have closed. One site in New Castle County has also shut down.

- In 1980-81, 45 districts in New York State provided child care subsidies for low-income working parents ineligible for AFDC. Now only 33 districts offer such assistance, and five have lowered their eligibility criteria.

- From March 1981 to March 1982, Monroe County, New York, reduced private government-funded child care slots by almost 50 percent--from 2,681 to 1,395. A county department of social services study showed that most parents who lost

subsidies for day care did not quit work and go on welfare, but were desperately trying to hold on to their jobs and make do. Very small children were left in the care of older children; some young children were taken to a succession of babysitters; and young school-age children came home to empty houses where they stayed alone until their parents returned from work.

- Kansas no longer provides child care support with Title XX funds to mothers enrolled in training programs.

The results of federal, state, and local cutbacks in child care for women who are struggling to improve their family's situation through employment or training are extremely painful:

- One Delaware woman was forced to drop out of school, where she was studying accounting and computers, in order to regain eligibility for child care. Now she's attaching yokes to men's shirts in a sewing factory, earning little more than the minimum wage. She stated, "I just had higher hopes for myself and my kids."

- A Wilmington, Delaware, center serving high school mothers had 56 children enrolled in the program in 1980-1981, and only 21 in the late fall of 1982. Many of the young mothers have dropped out of high school.

- The Johnson County, Kansas, Day Care Association sent a questionnaire to the county's day care providers after many children lost Title XX child care subsidies. They found that 17 percent of the parents had quit work, 10 percent of the children had been taken to unlicensed day care arrangements, and 7 percent of the children were not receiving any care while their parents worked.

A number of states have lowered the amount of income that families can have and still qualify for child care assistance. For example, in the last several years, Arizona modified its eligibility criteria. Families can now receive public support for child care only if their income is 60 percent or less (rather than the former 75 percent) of the median income of families in the state. Massachusetts lowered its eligibility criterion from 115 percent to 70 percent of the median family income in the state; Kansas, from 80 to 65 percent; New York and Wisconsin have left this decision up to each individual county.

Rhode Island initially moved to funding child care for AFDC families through the AFDC child care income disregard, cutting off publicly supported child care for many other working families who were no longer on AFDC. It reduced its Title XX program from almost $4 million to $700,000. Seven months later, the state realized the severe effects of these changes on working mothers and children who had lost AFDC and child care benefits due to federal AFDC cuts and created a special program for these families. However, no Title XX funds are available to

other poor working families unless they have been approved for participation in selected job training programs.

Children are being left alone or have been switched to less familiar, and often less supportive, child care arrangements.

- In 1981, 739 West Virginia families lost child care. Some 565 of these families responded to a questionnaire regarding their current child care arrangements. A total of 391 children had experienced some type of change in child care arrangements. At least 79 children were caring for themselves.

- A Rhode Island child care center, located in a public housing project, had 22 children enrolled last year. Five children remain. The director reports that some children are being cared for by teenaged high school dropouts; others she watches hanging out on the nearby playground.

- In Pittsburgh, a combination of Pennsylvania policies--including tighter eligibility criteria and fees for services--resulted in over 200 children losing child care services, 10 percent of the total number being served. Some parents quit work. One parent commented, "I'm forced to leave my child in the care of an unlicensed babysitter whom I don't trust as much as the licensed day care provider." Another mother says, "My children are no longer with me because I couldn't find day care. The children are with their grandparents." Many older children have been forced to stay home from school to care for preschool brothers and sisters.

- A report by the Citizens Committee for Children of New York revealed that in New York City, center teachers and directors are seeing newly ineligible and financially strapped parents resorting to substandard, unlicensed, and unsupervised day care. These directors report that no quality alternatives to public day care exist for these families. "Day care available" signs have been seen in store fronts all over the Bushwick section of Brooklyn. Directors report that children are being crowded into unsuitable, unlicensed facilities that are both unsafe and illegal. Such arrangements are increasing.

Fewer resources available to centers have lowered the quality of care for children. Because providers do not have a significant resource base to fall back on, they are struggling to maintain quality services in the face of budget cuts. Two out of three center-based caregivers earn wages below the poverty level. Family day care providers earn even less--87 percent earn below the minimum wage and 94 percent have earnings below the poverty level. Too many states are typical of West Virginia, which has not raised the rates for child care since 1977, and Delaware, whose rates have remained the same since 1975. Here are examples of what cuts in just two federal programs, CETA and the Child Care Food Program, have meant for child care providers:

- The California Rural Legal Assistance Foundation's Food Law Center surveyed 63 child care food program sponsors, representing services for more than 20,150 children. Almost 43 percent of the sponsors reported that children were going hungry; 36 percent were experiencing budget deficits in trying to feed children adequately; 22 percent were forced to close their doors or drop out of the food program, or were expecting to drop out in upcoming months. Sponsors, forced to choose between decreasing meals or increasing costs for families, often chose to decrease the meals.

- A survey of 3,333 church-sponsored child care centers, conducted by the National Council of Churches, revealed that 10 percent of the programs used to pay staff with CETA funds. Cuts in the Child Care Food Program affected 18 percent of the programs. Some 75 percent of the centers called the effect of federal budget cuts on their program "severe." Many reported that to alleviate the effect of these reductions, they would have to lower the quality of their nutrition programs, raise tuition or fees, or increase child/staff ratios. Between January and June 1982, 2 percent of the centers responding to the survey closed; 4 percent stated, when the survey was taken, that they would have to close in the near future.

Individual centers have lost staff and services and are finding it harder to meet the needs of families they serve.

- A Worcester, Massachusetts, center, which serves 130 children from predominantly single-parent and low-income families and which is entirely dependent on public funds, should have dropped ten children from the program, but has "held them on" so far, according to the director. The program has lost $19,000 in transportation money and between $800 and $900 per month in child care food support. For a while, the director of the center was personally picking up one child every day whose mother could not get him to the center any other way, but these makeshift arrangements cannot continue indefinitely.

- A New York City director told of a child with special emotional and physical problems who had to be turned away from the center because a depleted staff could no longer care for these more difficult and demanding children. The director also told of one instance where children were placed in foster care because there was no help available at the center--neither assistance for the children, nor counseling or referral for the family. Many directors have pointed out how valuable child care has been in the early identification of and intervention in family problems. They reported that these services are no longer available, and such a function can no longer be served.

Stress from the cutbacks and the turmoil have been too much for some providers. In Des Moines, Iowa, four out of eight child care directors have left the day care field entirely in the last year. Their disappearance from low-income communities will further limit child care options for poor families.

States such as Rhode Island, Kansas, Michigan, and Delaware have realized the consequences of their first round of budget cuts and policy changes and have proceeded to restore some funds or modify slightly some of their negative policies. However, it is extremely uncertain whether the damage can be reversed

and the mothers and children brought back into a system so complicated, uncertain, and confusing. Many believe that the children who have been shifted from care are simply lost. A child care provider who has worked for 25 years to provide quality care and support services to her city's low-income families stated, "Time doesn't stand still. We're losing a whole generation of children."

Further, states can not fend off cuts indefinitely without federal help. Without increased funding, even the communities that have managed to stave off significant policy changes in child care will not be able to hold the line. More and more low-income working families and mothers enrolled in training programs will be denied help in meeting their child care needs and in lifting their families out of poverty.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

If the Administration's FY 1984 budget proposals are accepted by Congress, the plight of working families and mothers in job training programs and their children will grow even more desperate. The Administration proposes.

- combining the Title XX Social Services Block Grant with the Community Services Block Grant, and funding the enlarged Social Services Block Grant at $2.5 billion--a net cut of $298 million in the current combined funding for both programs. The so-called $50 million "increase" in the Social Services Block Grant will not compensate for the total elimination of the $348 million Community Services Block Grant. Title XX would have to pick up those services formerly covered under Community Services. This cut is over 10 percent.

- merging the Child Care Food Program, the School Breakfast Program, and the Summer Food Service Program into a "General Nutrition Assistance Block Grant" and reducing funds by almost 30 percent, from $758.9 million that the individual programs would require in FY 1984 to $535 in FY 1984. This change would force many child care programs to shut their doors and diminish the quantity and quality of food available to children. The Administration has also proposed delaying any cost-of-living adjustments for the Child Care Food Program.

- requiring all families that wish to receive free or reduced-price meals under the School Breakfast or School Lunch Programs to apply at the food stamp office. This proposal could deter thousands of families from even participating in the child nutrition programs and create administrative nightmares for states and localities.

- eliminating the Work Incentive (WIN) Program and the Appalachian Regional Commission. Both of these programs provide child care for low-income parents in work or training programs. Elimination of the programs will make it even more difficult for many families to become self-sufficient or keep their jobs.

CHAPTER 12

Head Start

THE PROGRAM

Project Head Start is a comprehensive child development program designed to help economically disadvantaged preschoolers. Over 90 percent of all Head Start families live below the federal poverty line of $9,300 for a family of four. About two thirds of all Head Start children are minority. Some 11.2 percent are handicapped.

Head Start's unique approach emphasizes strong parent involvement, comprehensive service delivery, and strong community support. Today 395,800 children are enrolled in full-year Head Start programs at a cost of $912 million. The program is widely recognized as one of the federal government's most cost-effective and successful programs:

- Head Start's benefits outweigh its costs by 235 percent, including increased projected lifetime earnings for Head Start children.
- Head Start children show lasting gains in school performance and in achievement on standardized tests, and are less likely to require special education than non-Head Start children.
- The vast majority of Head Start children receive medical and dental screenings, treatment, and immunizations. The immunization rate for Head Start children (93 percent in 1981-1982) is more than 20 percent higher than the national average for poor children.
- For every 15 children in Head Start, ten parents volunteer services to the program. In addition, since 1965 Head Start has provided jobs for more than 415,000 Head Start parents and community residents. In 1982, 75,000 people, 29 percent of whom were parents of current or former Head Start students, were employed in Head Start projects.

Yet despite Head Start's documented success, it reaches far too few of the children who could benefit from its services. The almost 400,000 children who now participate--at an annual cost of $2,300 per child--represent under 17 percent, or one in six, of those who are eligible. Over 1,000 counties in the United States still do not participate in Head Start.

FY 1982 AND FY 1983 BUDGET ACTION

Although the Reagan Administration included Head Start in its social "safety net," it has not been consistent in its support of the program. Severe back door budget cuts in other programs from which Head Start centers receive support, such as the Child Care Food Program and the Comprehensive Employment and Training Act (CETA), have undermined Head Start's ability to provide quality services.

For FY 1982, President Reagan initially adopted the 16 percent increase in Head Start proposed by the Carter Administration. This would have raised the program from its FY 1981 level of $820 million to $950 million and helped Head Start programs improve the quality of services and expand enrollment. In September 1981 the Administration reneged on its previous $950 million request and recommended that Head Start funding be cut 12 percent, to $836 million, for FY 1982. Congress included $912 million for Head Start in a stopgap funding bill for FY 1982.

That same year, Office of Management and Budget Director David Stockman proposed that Head Start be repealed and placed in a block grant at significantly reduced funding levels. The Administration also considered "streamlining" the program's regulations, including its highly effective performance standards. The Administration pulled back from making such changes only after receiving over 5,000 letters from the Head Start community, educators, child care professionals, and advocates protesting the proposals.

In FY 1983 the Administration recommended, and Congress approved, a freeze on Head Start's budget at $912 million. In addition, funding for the Child Development Associate (CDA) Program--which assesses workers in Head Start and child care centers and provides them with professional credentials in child care--was cut in half in FY 1983, and the program is slated to be eliminated completely by 1985.

THE CONSEQUENCES

Over the past several years, inadequate funding levels for Head Start have threatened its effectiveness and forced many local programs to diminish the quality of their services. To cut costs, programs have reduced the number of hours per day and the number of weeks per year they remain open. Classroom size and child/staff ratios have increased. Teachers continue to receive extremely low salaries, averaging about $7,500 a year. High transportation costs exclude many isolated rural families from the program. In the 1981-1982 year, elimination of the Public Service Employment component of CETA caused Head Start programs to lose 6,000 workers, serving more than 50,000 children. That same year the program lost almost $20 million from the Child Care Food Program and approximately $12.1 million from the Title XX Social Services Block Grant.

Because of cuts in the CDA program, candidates will have to pay a substantially higher fee in order to be certified. Given the low salaries of Head Start staff, many will undoubtedly elect not to seek certification, and, therefore, will have less incentive to obtain necessary training. This will ultimately affect the quality of Head Start programs. The freeze on Head Start's funding in FY 1983 will also prevent programs from maintaining the quality of existing services and will not help the many children on waiting lists.

Recent reductions in other federal programs besides the Child Care Food Program and CETA, like Medicaid, have further eroded the ability of Head Start to fulfill its comprehensive mandate. For example, in the health area, many Head Start programs were forced to pay for services previously covered through other funding sources:

- More dentists and doctors refuse to accept Medicaid cards because of Medicaid cutbacks.
- In Minnesota the state preschool screening program used to pay for health screenings for Head Start children. That program has been cut. Now Head Start programs must pay for these screenings from funds they do not have.
- The state medical school in Portland, Oregon, used to provide free medical services to Head Start during the summer months. Now it is unable to do so. Head Start must pick up the costs.

Many of the services that Head Start families rely on to meet their basic needs have been cut. As the federal government slashes lifelines for low-income people--Aid to Families with Dependent Children (AFDC), Food Stamps, and the

Special Supplemental Food Program for Women, Infants and Children (WIC)--Head Start's ability to have a significant effect on the lives of poor families diminishes. Conversations with Head Start staff from more than 35 states indicate that Head Start families are worse off today than they were one year ago:

- Children come to class hungrier than they have in recent years. The typical pattern, according to the Head Start director in Athens, Georgia, is that a child comes to class on Monday, having had very little to eat over the weekend, and eats two to three times what one might expect of a three- or four-year-old. The child continues to overeat until around Wednesday. On Thursday and Friday his appetite becomes more normal. On Monday the pattern begins anew. Head Start social workers think the children's hunger is attributable to families losing their eligibility for Food Stamps, or having their allotment reduced.

- More young children are victims of child abuse than in recent years. One Head Start program in the Northwest reported two cases of child abuse on the first day of class. Many county and city agencies have increased dramatically the number of children they refer to Head Start who are abused or in otherwise stressful circumstances.

- More parents, especially fathers, are volunteering in Head Start classrooms. Most programs attribute this apparently positive development to high unemployment rates and to the fact that parent volunteers get free meals at the center.

- Programs report waiting lists significantly longer than in past years, reflecting a growing number of poor families who meet Head Start's eligibility criteria.

THE ADMINISTRATION'S FY 1984 BUDGET

The Administration has recommended a $62.7 million increase for Head Start for FY 1984, and that is good. However, this is not enough money to serve the 424,900 children that the Administration claimed Head Start could serve. Assuming a 4.5 percent inflation rate, we calculate an enrollment of 400,900 children in FY 1984, given the Administration's proposed funding level. Currently, Head Start serves 395,800 children, 11,120 of whom are funded on a "one time basis" from carry over funds that have accumulated over several years. The Administration's proposal does not include more than $20 million necessary to continue to serve these 11,120 children. The Administration's proposal also states that an additional 29,100 children will be added on top of the "one time basis" children. President Reagan's budget also provides for cost-of-living increases of less than one percent for all programs. The Administration has decided that quantity is a more important priority than maintaining the quality of services that have allowed Head Start to be such an effective program.

The Administration has simultaneously proposed to reduce funding for training, technical assistance, research, and evaluation under Head Start. These support services are critical during an expansion since additional funds have not been set aside to hire trained and experienced new staff. Most importantly, support for meals and snacks in Head Start centers is being cut. Currently, Head Start programs receive the bulk of their food from the Child Care Food Program, which is automatically adjusted each year to reflect changes in the cost of food. The Administration proposes to move the food funds directly into the Head Start budget and deny Head Start programs any automatic adjustment to meet rising food costs. Once again, the Administration's claim of "protection" for Head Start actually involves shrinking the program's resources. For FY 1984 alone the food freeze could result in an $8 million to $9 million loss to Head Start, the equivalent of slots for at least 3,500 children.

Lastly, the Administration is proposing to reduce the staffing levels for the Office of Human Development Services by more than 10 percent, while at the same time increasing the office's responsibilities. This would also serve to undermine the Head Start program.

CHAPTER 13

Employment

THE PROBLEM

A family cannot nurture children without providing them food, clothing, and shelter. Nothing, therefore, is more important to family stability than a job. Jobs provide young and older workers alike with dignity as producers in our society. The young also need jobs in order to learn the skills required to lead productive adult lives.

Reagan Administration policies have made jobs a scarce commodity--destabilizing millions of American families. Since President Reagan took office "official" unemployment has skyrocketed from 7.2 to a high of 10.8 percent. (The unemployment rate for January 1983 was 10.4 percent.) Some 12 million Americans are out of work. The Department of Labor conservatively estimates that "discouraged workers" (persons who report that they want to work but are not looking for jobs because they believe they could not find any) amount to an additional 1.8 million would-be workers. Official youth unemployment rates soar at 24.5 percent, while "unofficial" rates are much higher. The National Urban League, for instance, estimates that as many as 17.1 percent of the overall population and 67.5 percent of minority young people are now experiencing the stark pains of unemployment.

In reviewing employment policy, it is important to keep three distinct groups of people in mind. The remedies for each are different, and we must not allow one to be ignored for the sake of another. One group is the so-called "structurally unemployed," which has been hurt even in good times by the inadequate education and training that many of the nation's poor receive. Large

numbers of these people are minorities who have suffered the added barrier of discrimination. For this group, sound employment policy includes quality job training with support services, help in job placement, effective enforcement of anti-employment discrimination laws and, for some, public service jobs to give them a start. Work incentives--not dead-end mandatory work requirements--must be built into income support programs to encourage the structurally unemployed to find long-term jobs and the working poor to continue to work.

The second group of people is actually a critically important subset of the first--adolescents from poor families. These youth need summer and year-round job experience to learn about the world of work, develop skills, and earn some support for their families.

The third group is the recently unemployed, the "new poor," who are feeling the shocks of unemployment in states and cities experiencing a depression, such as Youngstown, Ohio, and Michigan. For them unemployment compensation and food stamps must provide a crucial safety net.

The Unemployment Compensation Program was enacted as part of the Social Security Act of 1935 to protect unemployed workers. To qualify for benefits, the unemployed must have previously held a job. The duration and amount of the benefit varies with the duration of employment and the level of pay that was received while working. Many workers qualify for only a portion of the 26-week maximum benefit period. There is also a separate "extended benefits" program available in many states for those who exhaust regular benefits, but not all states qualify for federal assistance for this program at all times. Last, in the past, when unemployment has been high for a sustained period, Congress has acted to increase the duration of extended benefits and has provided a third, special benefits program.

This last group, the "new poor," need more than a safety net. They need a positive and comprehensive jobs program to provide new jobs and job retraining. With 75 percent of the people who will be in the work force in the year 2000 already at work, retraining today's work force for tomorrow's jobs has become crucial.

It is against the needs of these groups that the Reagan Administration's past performance and present proposals should be judged. Under previous Administrations, the federal government played a large role in trying to meet these needs.

FY 1982 AND FY 1983 BUDGET ACTIONS

For FY 1982 the Administration

- eliminated all federal public service employment programs under the Comprehensive Employment and Training Act (CETA), which helped over 500,000 people;
- reduced funding for the Youth Employment Demonstration Projects Act by 80 percent;
- cut funds for the Summer Youth Employment Program by 20 percent;
- cut extended benefits under the Unemployment Insurance Compensation Program by limiting the number of states that can qualify for these benefits;
- reduced employment training funds by 64 percent for special groups like migrants, Indians, the elderly, and veterans under CETA Title III; and
- added optional "workfare" requirements under Aid to Families with Dependent Children (AFDC). (For details, see the chapter entitled "Aid to Families with Dependent Children.")

Overall funding for CETA declined by almost 60 percent, from approximately $7.5 billion in FY 1981 to just over $3.1 billion in FY 1982. At the same time, Congress was forced to pass an emergency supplemental appropriations bill adding another $2.34 billion to the fund for unemployment benefits. For each percentage point rise in unemployment, $25 to $30 billion has been added to the federal deficit in increased spending for welfare, food stamps, principally for unemployment compensation and other basic supports, and in decreased tax revenues.

For FY 1983 the Administration

- convinced Congress to eliminate the rest of CETA:
- proposed further budget cuts of 50 percent for its block grant training initiative, the Job Training Partnership Act (JTPA), P.L. 97-300, to replace CETA:
- attempted unsuccessfully to pass a subminimum wage for youth;
- attempted unsuccessfully to relax child labor regulations to allow 14- and 15-year-olds to work more hours and in more occupations than presently permitted;
- proposed tax credits for businesses to hire the disadvantaged in "Urban Enterprise Zones";
- sought to eliminate the Summer Youth Employment Program; and
- proposed to make "workfare" mandatory under AFDC.

Congress rejected some of these proposals and level-funded training programs for FY 1983. The Summer Youth Employment Program was saved principally at the urging of the mayors, and funded at $725 million for FY 1983. Congress also established a temporary Unemployment Compensation supplemental payment program that is currently scheduled to expire on March 31, 1983. Financed entirely by the federal government, the Federal Supplemental Compensation (FSC) Program provides additional benefits for the unemployed who exhaust their extended benefits. The additional payments last from 8 to 16 weeks depending on the state's "insured" unemployment rate.

CETA's Replacement, the Job Training Partnership Act. In 1982 after the Administration succeeded in eliminating CETA, the major jobs training and public service program, it insisted that any new jobs legislation conform to its "New Federalism" principles of diminished federal responsibility for employment. In addition, the Administration focused on

- centralizing administrative responsibility in state governors' offices while simultaneously decreasing federal responsibility;
- maximizing the decisionmaking role of the private sector;
- prohibiting all stipends to participants while in training;
- ending all public service employment programs;
- targeting all aid (but 10 percent) to AFDC or food stamp recipients; and
- attempting to get states, through AFDC changes (described in Chapter 5) to force AFDC recipients into workfare jobs.
- requiring that at least 70 percent of all funds be spent directly on training, allowing only 30 percent for all other costs, including administration and allowances to trainees for necessary expenses such as transportation and child care.

Enacted only after months of stalemate between Congress and the Administration, JTPA combines positive aspects of training policy with the shortcomings of the "New Federalism" approach, and ignores the hard-learned lessons gained during CETA's early years.

The initial CETA program--before the 1976 and 1978 amendments tightened federal oversight and protections--operated much like a block grant and gave substantial control to states and localities. This "discretion," in turn, eventually led to CETA's total demise, as reports of nepotism, inefficiency,

fraud, waste, and discrimination were difficult to erase from the public consciousness. Ironically, the last years of the CETA program, after Congress added crucial safeguards and just before it was abolished, proved it to be an improving, cost-effective program. The new JTPA, on the other hand, may experience serious problems similar to those of the early CETA program before some states and larger service delivery areas learn once again the difficult lessons of what works and what does not. Meanwhile, federal oversight and technical assistance, as well as funds, unfortunately will be kept to a minimum. Draft regulations to implement the JTPA give almost total discretion to the states, which must submit a vaguely worded plan by June 1983.

THE CONSEQUENCES

Unemployment has mushroomed into America's number one domestic tragedy. Employment and training services cannot handle the lines of unemployed applicants, which extend many blocks before office doors open in the morning.

- In New York City, in one week a state-run employment service had 15,000 applicants who never made it past the front desk after waiting in line all day.
- In Milwaukee, Wisconsin, a factory personnel officer received 20,000 applications for 200 welding positions.
- In Nashville, Tennessee, 3,000 unemployed workers lined up for hours to apply for fewer than 30 openings at a local plant.

Teenagers are particularly hurt by rising unemployment. Due in large part to budget cuts in the Summer Youth Employment Program, the U.S. Conference of Mayors estimates that some 1.35 million disadvantaged teenagers in 125 cities went without needed employment or employment training last year. Some mayors report "socially volatile" levels of unemployment among minority teenagers:

- 88 percent in Gary, Indiana;
- 80 percent in Youngstown, Ohio; and
- 83 percent in Riverside, California.

Health care workers are reporting increased incidences of child abuse, malnutrition, and severe depression. An emergency room nurse in St. Louis reports: "Cases of severely malnourished children are more and more prevalent. Parents are losing hope of ever finding work and families are unstable. Children are having trouble emotionally, dealing with all the insecurity."

The recession has caused unemployed workers to leave their families and look for jobs elsewhere. Mr. T. lost his job, leaving his wife and six children, ages 3 to 16, without any income. As his unemployment benefits dried up he gave up looking for work in Dayton, Ohio, and headed East. He finally found a modest job in New York City and is now sending money back to Dayton. The children really miss their father, and things seem to be falling apart at home without him. All the family's roots are in Dayton. The father is not making enough money to bring his family to join him in New York.

Some workers are taking their children with them, moving from town to town, state to state, without finding work. David H., a widowed unemployed auto worker, took his nine-year-old daughter with him to look for work. They moved from Ohio to Texas to Alabama, and, finally, to Jacksonville, Florida. There was not work to be found. The girl was hungry, depressed, and scared. Finally, David decided to send her back to Ohio to live with his sister. He went to Travelers' Aid to get a bus ticket. Travelers' Aid turned his case over to juvenile court authorities. The court took away David's child and put her in an emergency shelter. Until David finds a job, he can't get his daughter back.

Unemployment is an especially serious problem for children, who are totally reliant on their family for support. Unemployment robs the average family of the ordinary resources that allow parents to provide for their chyildren now and to save for their children's education or pay for unexpected health emergencies. No family plans to depend on public resources, but many have been brought closer to this dependence due to unemployment.

Local training programs have had to withstand both funding cuts and uncertainty about the future. The Job Training Partnership Act allowed for a one-year transition during which prime sponsors (agents of local government) could use their FY 1983 CETA allocations to carry out consolidated programs under JTPA or under the original CETA provisions. During this period there have been reports of substantial cutbacks in the number of subcontracts to the public schools to run remedial and placement programs for teenagers who are in school.

The business sector will have substantially more control of local training programs under JTPA. Whether members of the business community throughout the nation will rise to their new charge and devote the necessary time and interest to make the expanded role of the Private Industry Council work on behalf of

disadvantaged teenagers and adults remains to be seen. There are some active business sponsors, but in a time of recession, corporate hiring has decreased rather than responded to the President's promises that the 1981 tax cut would bring "jobs, jobs, and jobs." Meanwhile, unemployment continues to be unacceptably high.

Unemployment compensation is still not sufficient to protect unemployed families. Because of the huge cuts in 1981 in the extended benefit program, extended benefits are now available in fewer than half the states. Had the law not been changed in 1981, all states would now be providing extended benefits. The cuts have had perverse effects. Michigan, with an employment rate higher than any other state, lost its extended benefits for 13 weeks. Other high unemployment states have been similarly affected.

While the FSC program offsets some of the impact of the Administration's cuts in extended unemployment benefits, the fact remains that unemployment benefits now run out far earlier than in the 1974-1975 recession. Over 300,000 unemployed workers are exhausting all unemployment benefits each month.

As a result, unemployment insurance coverage is now less than adequate. Over one half of the presently unemployed do not receive benefits. By contrast, over two thirds of the out-of-work received benefits in the 1975 recession.

For many of these who have exhausted their unemployment benefits and still cannot find jobs, the situation is grim. Many of these persons cannot qualify for public assistance. More than half the states do not make welfare payments to families in which both parents are present. Many of the unemployed are now unable to receive either public assistance or unemployment benefits even if their families are impoverished. If these families are poor enough, they may receive food stamps--but food stamp benefits average only about $10 per person per week.

Finally, some states are likely to reduce weekly unemployment benefits levels because of another feature of last year's budget cuts. State governments frequently have to borrow from the federal government to cover unemployment benefit costs during periods of high unemployment. The states then generally repay these debts during times of prosperity. Because unemployment has been high for so long, current state debts to the federal government are at record levels. The 1981 budget cuts included a provision under which the states are now charged interest on any unemployment insurance fund debts. Federal interest penalties totalling $500 million are expected to be levied on states this year. A number

of states are likely to respond by lowering unemployment benefit levels to reduce their debts.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

The FY 1984 budget for the Department of Labor is inadequate to address the highest unemployment since World War II. Budget proposals include

- establishing a submininum wage for youth under age 22 at 67 percent of the minimum wage, or $2.25 per hour. This proposal has three negative consequences. First, it exploits youth who deserve and need a decent wage. Second, it attacks the foundation of a minimum wage for all labor without adequate proof there will be a net increase in the number of jobs. Third, it will hurt college students working their way through school. The proposal is proffered at the same time as the Administration plans to require families to contribute 30 percent more before their children qualify for any student aid. Thus, substantially more college students will have to work far more summer and evening hours to be able to attend college at all. President Reagan says he is helping disadvantaged students by offering a subminimum wage, but this subminimum wage won't help disadvantaged young people at all. Rather it would create a cheap and captive labor force of poor college students.

- rescinding $88 million from the FY 1983 budget already appropriated by Congress for the Summer Youth Employment Program (SYEP) and keeping this lower level for SYEP though FY 1984. The Administration says that the subminimum wage it plans to pay teenagers in SYEP will allow the same number of youths to be served with fewer dollars. But reducing funds for summer jobs is particularly serious given the volatile levels of youth unemployment in our cities and the millions of young people who are still left unserved by SYEP even at present higher funding levels. Further, regardless of the merits of the President's claim that the subminimum wage will promote jobs in the private sector, it certainly does not justify that young people eligible for public service summer jobs under SYEP also be paid this lower wage.

- funding the Dislocated Worker Assistance Program (Title III of JTPA) at $240 million in FY 1984 while simultaneously reducing funds for training programs for the disadvantaged (Title IIA of JTPA) by roughly the same amount. Funding programs for both groups is essential; it makes no sense to treat them as a trade-off. New programs for dislocated workers should be in addition to those provided to unskilled, disadvantaged workers--not taken from the same funds. The Administration wants to fund its new state block grant for training the disadvantaged at only $1.9 billion in FY 1984--down from $2.18 billion in FY 1983 for comparable CETA titles (II B, C, IV A and VII programs). Over $3.1 billion was spent to train the disadvantaged in FY 1981 when unemployment reached 7 percent.

- allowing states to use up to two percent of state unemployment insurance tax receipts to help displaced workers get retraining or relocation assistance. If states had a windfall of tax receipts from which to pay unemployment insurance, then the Administration's proposal would make sense. However, several states have or are close to completely exhausting their unemployment

insurance funds. Many jobless have already been cut from unemployment benefits. Therefore, this provision is likely to have little effect.

What the Administration Did Not Propose

Missing from the FY 1984 proposals is any significant new federal response to the nation's high unemployment levels. Tax credits to employers who can't sell their products because would-be consumers have no jobs are not much help. Public service jobs are needed to hold families together, buy those products to get private industry moving again, and help the day care centers, hospitals, nursing homes, and public schools that have also suffered greatly from the recession. Public works jobs are needed to help families support themselves while rebuilding dangerously deteriorating bridges, highways, and tunnels. We cannot wait much longer to help the 12 million plus unemployed in this country and their 11 million children.

CHAPTER 14

Low-Income Home Energy Assistance

THE PROBLEM

Home energy is a pressing problem for poor families. In over 21 states, average heating and cooling costs exceed $1,000 a year. The average low-income household spends over 20 percent of its income on heating or cooling, compared to 5 percent for median-income households. And in northern states, home energy costs often exceed a poor household's income during the cold winter months.

Rising energy prices have decreased the poor's disposable income to a truly staggering degree:

- In 12 states, the highest average monthly heating bill exceeds the state's maximum Supplemental Security Income (SSI) benefit.
- In 43 states and the District of Columbia, people receiving maximum SSI benefits will have less than $50 a week remaining for all other living costs after paying home energy bills in the three coldest winter months.
- In ten states, less than $25 a week will remain.

The high cost of energy has created special problems for the 3.9 million people 65 or older living at or below the poverty level. (An estimated one out of four elderly households has an income less than 125 percent of the poverty level.) One fourth of the elderly poor spend more than 40 percent of their monthly income on heating bills during the winter. In a Harris poll done for the National Commission on Aging in 1981, 42 percent of those interviewed said that dealing with energy bills was a "very serious" problem.

Both the elderly and the very young are highly vulnerable to hypothermia--freezing to death when the environment is not warm enough to maintain normal body

temperature--even at 65 degrees F. Estimates for deaths from accidental hypothermia range as high as 25,000 per year.

This winter there have also been large increases in the number of households that lose utility services when they are unable to pay bills, in the number of households with unpaid or overdue bills, and in the average amount of late or unpaid payments that individuals owe to utility companies. The situation has been exacerbated by sharp price increases in heating costs and by high unemployment, causing many "new poor" to swell the ranks of those needing assistance. Congressional offices report letters from constituents saying they "don't know what to do any more because they can't keep up with their energy bills." A state Commission on Aging in the Midwest found that for many, there simply was no way a monthly income of $200 to $300 could cover necessary medicine, heat, rent, and food.

The situation has been so severe this winter that governors in Ohio, Kansas, and New Jersey undertook emergency measures to order the reconnection of heat for thousands of households that otherwise would have had none.

- In Ohio, an estimated 50,000 households went without heat in October 1982 because of terminations.
- In the Minneapolis-St. Paul area, the number of utility terminations in the fall were 28 percent higher than the previous year. The average size of late or unpaid bills was $465 at one utility and $600 at another before the current heating season began.
- Numerous reports from the District of Columbia and states like Wisconsin indicate that overdue or unpaid bills of $1,000 and above are not at all uncommon this year.

In FY 1982, under 7 million households, or about 35 percent of those eligible, participated in federally funded energy assistance programs. The average benefit for heating assistance in FY 1982 was $182. The gap between energy bills, benefits, and a household's ability to pay is clear, and points to a crisis of ever-growing proportion. Basic energy needs are as fundamental as food, and for many it has come to that choice--heating or eating.

FY 1982 AND FY 1983 BUDGET ACTIONS

The Low Income Home Energy Assistance Program, currently administered by the Department of Health and Human Services (HHS), is in its fourth year of

evolution from a modest crisis assistance program to the major federal source of energy aid to the nation's poor. For FY 1982, the Administration proposed a funding level of $1.3 billion in the form of a consolidated block grant that would have provided no targeting, priorities, or accountability. (FY 1981 funding for the program was $1.76 billion.) Congress passed a modified version of this block grant in the Omnibus Budget Reconciliation Act of 1981, and funded the program at $1.85 billion. For FY 1983, the Administration again proposed only $1.3 billion to help keep the poor warm. Congress funded the program at $1.975 billion for FY 1983.

Funding is much lower than what is needed. In congressional testimony last year, the Committee for Economic Development (a business group) recommended a funding level of $5 billion a year. The program's authorization level for FY 1981 was $3.1 billion, and the congressional Crude Oil Windfall Profits Tax conference report recommended that $4 billion be available to the program in FY 1982 and 1983.

THE CONSEQUENCES

Benefits for program recipients were decreased significantly last year in 32 states. Twenty of these states decreased the eligibility ceiling for their FY 1982 program. In large part, these decreases were a response to fears of diminished federal funding and to poor state planning. In fact, some states that reduced benefits ended the program year with unexpected funds, which were rolled over into the FY 1983 effort. The Administration has since used this carryover to argue that energy assistance can be cut back, without trying to ascertain how well the program is actually meeting the need in the states (i.e. the number of eligible households participating and the adequacy of benefits).

- In Utah, for example, price increases for the Mountain Fuel Supply Company, a major utility in Utah, were 16.6 percent in 1980-1981, 17.7 percent in 1981-1982, and 24.3 percent in 1982-1983. H.E.A.T. (Home Energy Assistance Target Program) benefit payments fell from $378 to $297 to $224 during the same time periods--a total decrease of 40.7 percent between 1980-1981 and 1982-1983. Meanwhile, H.E.A.T. applications went up from 23,304 in 1980-1981, to 33,188 in 1981-1982, to a projected 42,000 in 1982-1983.

- In 1982, Virginia's energy assistance program exhausted its funding by December 10--on the eve of the area's first major snowstorm of the season. The Maryland and Washington, D.C., programs then received a deluge of panicked phone calls wanting to know if help was still available.

The Omnibus Budget Reconciliation Act of 1981 gave states two options: to elect to transfer up to 10 percent of the state's energy assistance allocation to another block grant and to spend up to 15 percent of the allocation on conservation/weatherization activities.

Although states had the option to transfer other block grant funds into energy assistance, this was not done; instead, states transferred funds away from energy assistance. According to a study by the Center for Law and Social Policy, 25 states transferred money from low-income energy to the Social Services Block Grant in 1981; eight states, from low-income energy to the Maternal and Child Health Block Grant; and four states, from low-income energy to the Community Services Block Grant. Yet the Low-Income Home Energy Assistance Block Grant is the only block grant focused solely on low-income people.

It must also be remembered that low-income households generally live in poorer quality housing, which is less energy efficient than other housing stock. However, when households cannot afford to pay their energy bills, they cannot afford to undertake the necessary repairs, weatherization, and energy efficiency improvements needed (which would substantially lower consumption and thus help insulate the household from price hikes) no matter how cost effective these improvements may be. Without help these households simply find themselves in a never-ending crisis.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

For FY 1984 the Administration has once again proposed a funding level of only $1.3 billion for the energy assistance program. This proposal is 34 percent below the FY 1983 funding level passed by Congress. (Of this FY 1983 level, $100 million was added during the "lame duck" session when Congress became particularly concerned about the effect of recent large jumps in natural gas prices.)

Under President Reagan's proposal, if 60 percent of the estimated 20 million nationally eligible households participated in the program, the average benefit level would be $108. If states chose both to transfer 10 percent of their low-income energy funds to other block grants and to spend up to 15 percent of their allocation on conservation/weatherization activities, and if 60 percent of the eligible population participated in the program, then the amount available for the average energy assistance benefit would be only $75.

The Administration has also proposed that the state allocation formula be changed to provide more funds to those states that are colder and have larger numbers of low-income households. This overlooks the fact that energy costs are high all over the country. While certain areas have higher costs due to climate, poor people in every state are in serious need of assistance.

Further, the Administration's proposal not only seeks to cut back energy assistance but to eliminate the low-income weatherization program, administered by the Department of Energy. This same proposal has been made for the last two years. In FY 1982 the weatherization program was funded at $144 million, or less than 8 percent of the energy assistance program. It costs about $1,000 a unit to weatherize a home, with energy savings of 20 to 26 percent. With current funding, about 144,000 low-income homes can be weatherized each year. Only about one million homes out of the estimated 10 million that need weatherization have been weatherized so far. At current funding levels, weatherization for the remaining 9 million homes would take about 62 years.

Finally, as part of its New Federalism package, the Administration intends to propose inclusion of the energy assistance block grant in a much larger block grant that eventually would allow a state to spend all of its energy assistance allocation for whatever it chooses. This would be tantamount to general revenue sharing, with no guarantee that low-income people having trouble with energy costs would receive any help.

The federal energy assistance program came into being in response to huge increases in OPEC prices and a change in federal energy policy over which states had no control (the decontrol of oil prices) and which resulted in a disproportionate and far deeper cost burden for low-income people. Under the New Federalism proposal, low-income people would be totally dependent on how their particular state government decided to use its federal funds. Such a policy approach poses many serious political, economic, and equity issues for millions of low-income households that cannot afford the high price of energy and cannot yet foresee any way of meeting this very basic survival problem.

FURTHER ATTACKS ON PROGRAMS

In a letter sent to the states in August 1981, HHS Secretary Richard Schweiker stated that the current energy assistance program was seen as a state

program and any discretion that existed was being passed on to the states. Although the block grant requires many of the same elements as the FY 1981 program--outreach, benefits targeted to those in greatest need, crisis assistance capability, equitable treatment of renters, public participation--HHS has refused to play a role in overseeing the contents or implementation of the state plans or in defining what constitutes adequate outreach or public participation. Indeed, HHS is providing essentially no guidance to the states in terms of federal requirements or optimal approaches.

Other problems include the lack of data collection by HHS on whom the program serves, what size benefits households receive, how the program is run administratively, and whether states are meeting the 16 assurances required under federal law. It is difficult, therefore, to know the scope of the energy problem for poor families around the country.

The results are wide program variations from state to state in who can receive assistance, how people find out about the program, and how renters are treated as opposed to homeowners. Most telling are the wide variations in benefit levels. Average benefits in adjoining states may vary by as much as 50 percent, according to the National Consumer Law Center and HHS surveys of state programs. In part, this is because states have taken very different actions in trying to decide whether to serve more people or fewer people with more substantial benefits.

The Administration has made further proposals to alter energy assistance. In 1982 legislation was introduced that would have eliminated nearly all the program guidelines. The current definition of energy assistance would have been changed to a much broader definition of general emergency assistance, weakening the program's focus on utility needs. The Administration is expected to introduce similar legislation this year. With the disparities already existing among state programs, there is great concern about program accountability and equity if such guidelines are removed.

CHAPTER 15

Low-Income Housing Assistance

THE PROBLEM

Almost one third of all low-income, one-parent families and one third of all low-income Black renter families live in federally assisted housing, primarily public housing. About half the families in subsidized housing have children.

Despite the existence of federal housing programs, there are at least five times as many families eligible for subsidized housing as there are units available.

- There are 14,000 families on the waiting list for public housing in Baltimore; 100 to 200 more sign up each week. Families are "doubling up" in apartments--in some cases, as many as three and four families share one apartment.

- In Kansas City, Missouri, the wait for a new federally supported building is one year. Last July the Housing Authority received 1,200 applications in one day for 40 openings. There is nothing in the private market that is both affordable and up to standard. Families with children are doubling up in substandard housing. There is not one available two- or three-bedroom apartment in subsidized housing in the entire Kansas City metropolitan area.

Families left without subsidized housing are going homeless, living in substandard housing, or paying far more for housing than they can afford. In 1976, for example, one fifth of all households could not afford decent housing; in 1978, 5.8 million households paid over half their income for shelter.

The federal government supports low-income housing through a variety of programs. Some of these programs provide construction monies, others provide operating subsidies, and still others provide rent subsidies. The largest of the programs is Section 8, begun in 1974, which funds construction of new housing and

rehabilitation of existing housing. Section 8 also pays for heat, utilities, taxes, maintenance, insurance, and management costs. The Public Housing program, begun in 1937, provides funds for the construction of new public housing, the modernization of old public housing, and operating subsidies. Other programs administered by the Department of Housing and Urban Development (HUD) include Section 202, which provides construction funds for housing for the elderly and handicapped, and the rent supplement program. In FY 1981, about 3.3 million housing units were receiving HUD assistance.

The U.S. Department of Agriculture also provides some housing assistance to rural households through the Farmer's Home Administration (FmHA). Loans are made to low- and moderate-income families in communities where there is a lack of mortgage money. Families can use the money to construct housing or rehabilitate existing housing. Most loans are for home ownership rather than for rentals. In FY 1981, 1.2 million units were receiving FmHA assistance.

FY 1982 AND FY 1983 BUDGET ACTIONS

In FY 1982 a number of Administration and congressional actions made subsidized housing more expensive for the poor. HUD increased rents from 25 percent of income to 30 percent of income for all tenants with incomes over 50 percent of the local median income. This increase is being phased in over a five-year period for people already living in subsidized housing; all new tenants are required to pay at the 30 percent level. On top of this, many of the expenses (e.g., child care and large medical expenses) that poor families could deduct from income to lower their rents were eliminated. Finally, changes in Aid to Families with Dependent Children (AFDC) permit states to subtract the value of the housing component from a family's AFDC grant if the family lives in subsidized housing. Thus, as the rent of AFDC families climbs to 30 percent of their cash income, their AFDC benefits may be reduced. So far, only Oregon has chosen to implement this provision.

In FY 1983, the Administration proposed additional increases in rents for families in subsidized housing, including reducing rent supplements to families in existing Section 8 apartments by 20 percent. Further, families receiving these subsidies would be switched to a "modified Section 8 existing program" in which they would receive rent vouchers that would average only $2,000 per family

a year, or under $170 a month--compared to a yearly average of $3,600 under the existing system. Families would then use these vouchers to find whatever housing they could; if they were unable to locate housing for the amount of the voucher, they would be free to pay the difference themselves. The Administration's belief was that the free market would provide sufficient housing for all. Finally, the Administration proposed to count food stamps as income in determining a family's rent. A poor family's rent would thus increase by 30 percent of its food stamp allowance. Congress rejected all these proposals for FY 1983.

The Reagan Administration has also consistently tried to make the tremendous shortage of housing units for the poor worse by proposing massive cuts for Section 8 and public housing construction and rehabilitation, and FmHA housing programs. For FY 1982, the Administration proposed a total of $19.773 billion in combined budget authority for both Section 8 ($14.237 billion) and Public Housing ($5.536 billion). This was almost a 45 percent cut from FY 1981. Congress made even deeper cuts--ending up with a total budget authority of $16.860 billion, including $14.486 billion for Section 8 (slightly more than requested by the Administration) and $2.374 for Public Housing (57 percent less than requested by the Administration).

In FY 1983 the Administration again proposed deep cuts in subsidized housing: down to a level of $6.129 billion total budget authority, including $3.805 billion for Section 8 and $2.324 billion for Public Housing. This was a 64 percent cut from FY 1982 appropriations, most of it in Section 8, which was targeted for a 74 percent cut. FmHA programs were scheduled to be cut by two thirds. The total savings from the Administration's FY 1983 proposals for low-income housing programs amounted to $23 billion, or 37 percent of all cuts in nondefense programs. Some 300,000 housing units "in the pipeline" would have been lost.

Congress did not approve these reqests. Late in the 1983 lame-duck session, an appropriations bill was passed that included $12.867 billion in budget authority for subsidized housing: $7.746 billion for Section 8, $4.921 billion for Public Housing. This is more than twice what the Administration asked for, but 64 percent less than FY 1981. There is no money in the appropriations for new construction, except for 14,000 units for the elderly and handicapped, or for substantial rehabilitation.

Congress also rejected most of the Administration's FmHA cuts for FY 1983. Funding for most of the programs has been continued at FY 1982 levels, with some

exceptions: funds for mederate-income housing were eliminated ($430 million in FY 1982), and funds for rental assistance were cut from $398 million to $124 million, a 69 percent cut.

THE CONSEQUENCES

Because of Congress's action, low-income families have not experienced as substantial an increase in rent for subsidized housing as the Reagan Administration proposed. However, the lack of funds to construct new subsidized housing is a severe problem, as families continue to go homeless due to housing shortages and unemployment.

> Mr. and Mrs. B. live in Nassau County, New York. They have five children. Until 1976, they owned their own home. Mr. B. was disabled in 1976 and is no longer able to work. The family lost their home, used up their savings, and exhausted Mr. B.'s disability benefits in 1979, wher the family was forced to go on public assistance. At that time, they were renting a house, but were evicted in September 1982 when the owner decided to live in the house himself. The family was unable to find affordable housing and were denied an additional housing allowance by the Nassau County Social Service Department. The family then split up and stayed with various friends and relatives. During this period, the children were not in school. By October 1982 the family had run out of places to stay and ended up living in their pickup truck in the parking lot of a shopping mall. The county still has not provided the family with sufficient housing assistance.

The B. family is not the only family that has been temporarily forced to separate due to housing problems. In Kansas City, Missouri, Catholic Charities Housing Information Center has seen a 150 percent increase in referrals from the protective service agencies of families who have been forced to request foster care placements for their children when they had no place to live.

All over the country, the capacity of emergency housing shelters is being sorely taxed. New York City has 1,600 families in various emergency shelters. There is no more emergency housing for families in the city, so homeless families are now being relocated to New Jersey. In Washington, D.C., families in need of emergency shelter are housed in motels, at a cost of $1,000 to $1,200 per family a month. The city's housing agency offers no help to families that want to move out of these settings. Recently the Department of Human Services has started working with a local Welfare Rights Organization to find permanent shelter for families. Here is one mother's story:

> I am Mrs. M. In May of last year (1982), my husband, my four children, and I left my father's house because of overcrowding. We moved into the home of a friend but the friend was evicted in July. We then moved to the home of

my sister-in-law and her family. In all, there were about 18 people in the home. My family occupied my niece's room. When school began in September, my sister-in-law asked us to move so that her daughter could have her room back during the school year.

There was no other place we could go, and we cculdn't find an apartment we could afford on my husband's income. Because of this, we went to the emergency shelter, and were given a room for the six of us. Although the room was crowded and although the food was so bad that my children often refused to eat, I was grateful that the shelter was there, and I don't like to think what we would have done if it had not been there.

Every day, I went out looking for housing, but I couldn't find anything. Most apartments were too expensive. Whenever I did find one that we could afford, the landlord would tell me he didn't rent to families with children. Every afternoon, I returned to the shelter, discouraged at not finding a home. I heard stories around the shelter that if you didn't move within 30 days, they would take away your children and put them in foster care. I didn't want to live in the shelter, because I like to take care of my family myself. My children were eating poorly, because the food upset their stomachs, and they were used to my cooking. When I asked the caseworker what to do, she would just say I had to keep looking.

That all changed when Mr. G. came in with a group of new social workers. Mr. G. worked with the city-wide Welfare Rights Organization and with the landlords in the community to try to find housing which could be rented to people in the shelter....As time went on, more and more families began to move out of the shelter and into their own homes. In December 1982 my family found a new home.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

For FY 1984 the Reagan Administration is again proposing to raise the rents of tenants in low-income housing and to cut sharply the funds available for Section 8 and Public Housing. The voucher program, to be called the "Housing Payment Certificate" program, has been proposed again in the same form as last year. The Administration has also reintroduced the proposal to count food stamps as income for tenants in subsidized housing.

Total proposed budget authority for subsidized housing is $7.966 billion: $6.499 billion for Section 8, $1.467 billion for Public Housing. Section 8 would be funded at 18 percent below FY 1983 appropriations; Public Housing would be cut 70 percent from FY 1983 appropriations. Subsidized housing overall would be cut 38 percent.

In FY 1981 about 300,000 new housing units were subsidized by Section 8 and Public Housing. The Administration's FY 1984 proposals would fund only 84,101

new Section 8 units and no new Public Housing units.

Housing programs of the FmHA are also targeted for major cuts. The Administration proposes to cut $3 billion from housing loans, reducing that program to only $300 million in FY 1984. The Administration proposes to replace these loans with a Rural Housing Block Grant, to be funded at $850 million. Total funding for housing loans would thus be $1.150 billion, a 65 percent cut from FY 1983. Housing assistance payments are slated to be cut in half, from $124 million to $62 million. Housing repair grants would be eliminated and cooperative loans would be cut 98 percent, from $940 million in FY 1983 to $16 million in FY 1984.

When the FmHA cuts are looked at in terms of the income of recipients, it becomes obvious that the rural poor will be severely hurt. Funds for low-income rural housing in FY 1984 will be only $374.5 million, almost $3.1 billion less than in FY 1983, if the Administration's proposals are accepted by Congress.

CHAPTER 16

Runaway and Homeless Youth

THE PROBLEM

An estimated 1.2 to 1.5 million children and adolescents run away from home each year. The average runaway is about 15 years old. Sixty percent of runaways have had no contact with the police before running away; 33 percent are school dropouts or chronic truants; over 33 percent report having been physically or sexually abused.

The numbers of runaways are increasing. In 1976 runaway youth centers funded by the Runaway and Homeless Youth Act--designed to help states and localities provide services to runaway and homeless youth and reunite them with their families--served 15,000 runaway children. In 1981, they served 133,000 drop-in clients and sheltered 45,000 children.

A federal study on runaway youth reports that the reasons children left home were poor communication with parents; existence or fear of abuse, neglect, or sexual exploitation; parents who placed unreasonable demands or restrictions on their children; disruption within the family independent of conflicts between parent and child; and school-related problems. Poor communication with parents is found in over 50 percent of runaway cases.

Although not all runaway children become involved in prostitution or child pornography, many do: 90 percent of female adolescent prostitutes are runaways; 75 percent of male adolescent prostitutes are runaways. Estimates on the extent of teenage prostitution and commercial child exploitation vary widely, but government and police officials in 21 states and 15 major cities generally believe that the number of teenage prostitutes in their jurisdictions has

increased dramatically during the last five years. One Washington, D.C. study estimates that seven out of ten young prostitutes are runaways.

The Boston police department reports 3,000 homeless children on the streets of Boston each year. Last year in New York City, police reported 2,480 runaways and another 3,000 homeless children, most of whom were prostitutes. Seattle, Miami, Minneapolis, San Francisco, Chicago, and Knoxville also are major havens for runaway children.

Services for runaway and homeless children are still lacking in many communities. In 1981, 1,200 agencies requested applications for federal funds for runaway shelters or services. Only 166 programs were funded due to lack of money. The kinds of services provided by runaway and shelter programs include outreach, 24-hour intake, assessment of the child's needs, temporary shelter, counseling, medical and mental health services, legal assistance, referral to other agencies that can provide alternative living arrangements, and follow-up services to ensure children do not return to the streets after leaving the emergency shelter. The cost of a single temporary shelter bed in a small nonlock-up community program is typically less than half that of a bed space in a county/state detention facility, which can cost more than $25,000 a year per child to maintain. Moreover, runaway shelters are effective--over 50 percent of young people who arrive at a runaway center return home.

FY 1982 AND FY 1983 BUDGET ACTIONS

In FY 1982 President Reagan proposed repealing the $11 million Runaway and Homeless Youth Act and placing it in a massive social services block grant without providing any additional funding for the block grant. Over half of the runaway centers in the country reported that if this happened, they would have been forced out of business within six months. Most others said they could not compete on the state level with the many other needy local social service agencies.

Congress sent a clear bipartisan signal to the White House that it would neither block grant the program nor severely cut its funding. Under this pressure, Health and Human Services Secretary Richard Schweiker and President Reagan revised their proposal, and recommended $6.6 million for the program. Congress appropriated $10.5 million for the Runaway and Homeless Youth Act for FY 1982.

When the Administration released its FY 1983 budget request, the $6.6 million resurfaced. Many members of Congress were infuriated. Both the House and Senate authorizing committees recommended a full appropriation of $25 million. The continuing resolution funded Runaway and Homeless Youth at $21.5 million for FY 1983.

THE CONSEQUENCES

By 1982 inflation had reduced the purchasing power of the Runaway and Homeless Youth Act by over one third. Congress's increase to $21.5 million for FY 1983 allowed the program to begin expanding despite inflation. Of the $21.5 million, $17 million is expected to go directly to local centers; $4.5 million is expected to go into the federal Office of Human Development Services' discretionary fund for research and demonstration activities.

Thus, runaway programs and shelters will continue to provide services for children like Debbie and Johnny:

> Debbie, a young girl from a wealthy Ohio family, was emotionally withdrawn; her only outside interest was school. Her father, a professor, and her mother, a lawyer, are divorced, and Debbie nas been living with her mother. One Sunday, Debbie got bored, took drugs, and woke up in Illinois in a strange car. She then went to a truck stop to seek a ride home. She had no money or warm clothes and it was snowing. Debbie began hitchhiking, but, as is often the case, the truck driver wanted to exchange sex for a ride. Debbie wasn't interested, but was scared and cold. Luckily, she found the number of the National Runaway Switchboard--a 24-hour tollfree hotline that provides referral and crisis intervention to runaways and their families. The switchboard referred her to a local runaway program. She caught a cab to the program, and the program paid the driver. Her mother in Ohio was contacted and paid air fare to fly Debbie home. A coordinated effort was established with a runaway program in Ohio, and Debbie and her mother are now involved in family counseling.

> Johnny, a young boy from Michigan, was abruptly shifted from life in the suburbs to a deprived inner-city environment. His father, who had worked his way up to become a skilled auto industry employee, had recently lost his job and his hopes for upward mobility. The family was forced to sell their home and relocate in the inner city. The father's unemployment insurance had run out and there was no hope of a new job in his depressed industry. Johnny had a difficult time adjusting to his new school environment. He ran away three times before finally ending up in a runaway program in Illinois. The program paid for his bus fare home after contacting several local Michigan programs. A local runaway program was found that could assist both Johnny and his parents as they struggled to adjust to their new way of life.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

In spite of widespread congressional support for the Runaway and Homeless Youth Program and intense public concern about the plight of juveniles, who without resources or shelter, face the dangers of living on the streets, President Reagan proposes to fund the program in FY 1984 at $10.5 million, 51 percent below its current level of $21.5 million. As a consequence, hundreds of thousands of runaway and homeless youth will continue to be denied the benefits of shelters, counseling, and other services available under the Runaway and Homeless Youth Act.

CHAPTER 17

Juvenile Justice

THE PROBLEM

In 1974 Congress adopted the Juvenile Justice and Delinquency Prevention (JJDP) Act in response to numerous documented failures of juvenile justice systems throughout the country. Congress was concerned that state and local governments were unable to provide sufficient technical expertise and resources to cope with school violence and truancy problems; understaffed, overcrowded juvenile courts and correctional facilities; teenage drug and alcohol abuse; the abuse of children in adult correctional facilities; abandoned, neglected, and runaway children; and the increase in serious and violent crime.

The Act revitalized federal efforts and enabled states and local governments to develop and implement innovative approaches to preventing juvenile crime and delinquency. It stimulated an array of new programs for troubled youth as well as changes in legal structures.

The heart of the Act is a requirement that states develop comprehensive plans to remove all non-offenders (dependent and neglected children) and status offenders (children who have committed offenses like truancy and running away from home that would not be crimes if they were adults) from secure detention and correctional facilities. The Act also requires that juveniles be removed from adult jails. States participate in the Act voluntarily as a condition of receiving federal funds. As of spring 1982, 45 states participated in the Juvenile Justice and Delinquency Prevention Program.

Progress has been made in achieving the Act's goals. But much more needs to be done. By the spring of 1982, 43 states had shown at least a 75 percent

reduction in the number of status offenders and non-offenders held in detention since the states' participation in the Act. The number of status offenders and non-offenders in secure facilities has been reduced by approximately 83 percent over the past five years. During the period 1980 to 1981 there was a 32.8 percent reduction in the number of juveniles held in regular contact with adults in jails. Yet over 479,000 juveniles continue to be held in approximately 8,800 adult jails and lockups each year.

FY 1982 AND FY 1983 BUDGET ACTIONS

When President Reagan proposed his FY 1982 budget, he requested zero dollars for the $100 million Juvenile Justice and Delinquency Prevention Program and proposed elimination of the Act. President Reagan proposed that juvenile justice programs be funded instead under a social services block grant, without proposing to shift any Justice Department funds to the social services block grant. Congress rejected this proposal and funded the Act at $70 million in FY 1982, a $30 million cut from its FY 1981 appropriations level.

In FY 1983, the Administration again proposed zero funding for juvenile justice without the smoke screen of a block grant. The Administration conceded the program was successful, but felt it should no longer be a federal responsibility. During congressional testimony, the Administration was asked if it could not find some unsuccessful programs to kill instead of this successful one. Congress maintained funding for juvenile justice at $70 million for FY 1983.

THE CONSEQUENCES

Innovative juvenile justice programs are in danger of losing their funding entirely. Inflation and the erosion of federal funding for juvenile justice since 1981 have threatened many effective programs. Consider just one example:

> The Juvenile Resource Center of Camden, New Jersey, has been receiving some well-deserved national recognition. In September 1982 it was featured at a special hearing of the U.S. Senate Subcommittee on Juvenile Justice, and in October it was cited by the National Council on Crime and Delinquency as a model program, which provides an alternative to incarcerating juvenile offenders. The agency offers formal and informal education; individual, group, and family counseling; career guidance; job development; recreation; positive socialization; and preparation for independent living. Serving

about 200 juvenile offenders a year, it reports less than a 20 percent recidivism rate. About 40 percent of the juveniles earn a high school general equivalency diploma while in the program; an additional 20 percent obtain one after completing the program. Over 80 percent of the adolescents obtain jobs in the private sector before completing the program, and the program operates its own income-generating ventures, including a delicatessen and a pizza parlor, in which it employs adolescents and trains them in job skills. In 1982 funding for this program was cut 25 percent.

Cutbacks in the Title XX Social Services Block Grant have also endangered programs for children served by the juvenile justice system. In addition, other federal budget pressures have forced states to reorganize the administration of their criminal justice and youth services programs. The major losers in these reorganizations have often been staff who specialize in juvenile justice. This has resulted in a decrease in states' ability to monitor compliance with the Juvenile Justice and Delinquency Prevention Act.

Decreased funding for juvenile justice is causing a number of states to reevaluate their participation in the program. States that withdraw from the program will no longer have to remove juveniles from adult jails or keep status offenders and non-offenders out of correctional and secure detention facilities.

Some states already do not participate in the Act or are equivocal in their stand toward juvenile offenders. Illinois, for example, passed two laws this past year: one removes status offenders from the courts; the other lowers to 14 the age at which children can be locked up for offenses. Oklahoma has never participated in the Act because state officials felt the federal government did not offer enough money to make it "worth while." In 1982 it was revealed that large numbers of runaway children in Oklahoma had been locked in secure correctional facilities, where some of them were physically and sexually abused.

If funding for the Act is eliminated, a rapid and expensive reversal of deinstitutionalization efforts on behalf of troubled children and adolescents is likely. The substantial decrease in the number of nondelinquent children detained in locked facilities--a decrease from 200,000 in 1974 to 35,000 in 1982--will begin to reverse itself; the number of children in adult jails will increase. We will also see an increase in the proportion of persons under 18 arrested for serious crimes. Eight years of progress will be lost.

THE ADMINISTRATION'S FY 1984 BUDGET PROPOSALS

For the third year in a row, President Reagan has proposed to terminate the Juvenile Justice and Delinquency Prevention Program, because, in the words of the Administration, "the principal objectives of the program have been achieved to the extent which is practicable." It is a sad irony that zero funding is being recommended for programs to prevent juvenile delinquency and assist juvenile offenders at the same time the President is seeking the largest increase for federal law enforcement in more than a decade. Such a proposal also ignores the fact that there is a long way to go before children are protected from placement in adult jails and status offenders are kept out of institutions housing criminal offenders.

PART III

Civil Rights, Regulatory Process and Legal Services

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CHAPTER 18

Civil Rights

Despite the fact that minority children and their families in this country still lack an equal chance to live, learn, and contribute, the Reagan Administration has mounted a multifacited attack on their legal rights to equal treatment. After two years in office, it is clear that President Reagan's promise of a "different focus" for civil rights enforcement means slowing down and backsliding on established policies. This chapter describes only part of the Administration's erosion of the civil rights of Blacks, women, Hispanics, and handicapped persons.

EDUCATION

In the courts and Congress, the Administration and its allies are attempting to undo years of progress in remedying school desegregation. The Administation wants to return to the days when the law sanctioned "separate but equal" schools and "freedom of choice." Assistant Attorney General for Civil Rights William Bradford Reynolds has announced, "We are not going to compel children who do not choose to have an integrated education to have one." Reynolds has also publicly repudiated major portions of the Supreme Court's 1973 decision in Keyes v. School District No. 1, which requires system-wide remedies for racially inspired school board actions. Education Secretary Bell has stated in a letter to Senator Laxalt (R-Nev.) that enforcing some of the civil rights laws is against his philosophy.

The Administration's assault on civil rights has not been merely rhetorical. The Administration has taken a number of steps to thwart constitutional and statutory protections.

- The Administration has flatly rejected any kind of mandatory student assignment plan, including transportation plans, as a remedy for illegal racial segregation of students. Yet the Supreme Court has ruled that for many school districts, busing is the only "truly effective remedy." Many research studies have shown that Black students' achievement improves significantly in desegregated schools and white students' achievement remains constant or improves.

- In the Nashville, Tennessee, and East Baton Rouge, Louisiana, school desegregation cases, the Administration has reversed the position that the federal government has taken for many years and sought to undo existing busing requirements. In Nashville, it tried to intervene in the Supreme Court to present the federal government's changed position, but the Supreme Court decided not to review the case. In the East Baton Rouge case, the Justice Department had to remove the experienced attorneys who worked on the case and find two new attorneys who would oppose the desegregation plan and present the turn-around to the court.

- Even when a local district wants to use busing to remedy segregation, the Administration has joined forces with those who wish to block such efforts. In the state of Washington, a local school district successfully challenged the constitutionality of a statewide initiative that prohibited local school boards from voluntarily implementing certain school desegregation plans. Switching sides in the Supreme Court and directly contradicting its own rhetoric in favor of local decisionmaking, the Administration opposed the local school district and supported the state initiative. The Supreme Court struck down the state law as a violation of the Constitution's guarantee of equal protection of the laws.

- The Administration has no trouble with segregation in higher education, either. It terminated an administrative hearing on racial discrimination in North Carolina's higher education system and accepted a desegregation plan that was weaker than one rejected by the federal Office for Civil Rights in 1974 under the Nixon and Ford Administrations.

Opposed to some judicial decisions enforcing the Brown v. Board of Education mandate to desegregate, the Administration has adopted the radical approach of trying to get Congress to strip the courts and the Justice Department of their legal authority to enforce the Constitution.

- Through the Attorney General, the Administration endorsed the Johnston-Helms amendment, an unorthodox and constitutionally perilous effort to remove power from the federal courts in order to curtail busing for desegregation. Despite the weight of legal opinions from conservative, moderate, and liberal legal scholars that such a law would be unconstitutional, the Attorney General issued an opinion arguing for its legality. Even if such a law, stripping the courts of their power, were not unconstitutional, nothing would imperil our liberties so much as statutes saying that courts cannot enforce the Constitution. Furthermore, this provision would have been applied retroactively, allowing every desegregation plan in the country (including those over a decade old) to be reopened. So far, Congress has not enacted this provision.

- The Administration also supported as part of the Johnston-Helms amendment a provision that would have prohibited the Justice Department from expending any funds to enter existing or initiate any new school litigation in which busing might conceivably be part of a remedy. While the House had already passed this provision by itself, it subsequently rejected the whole Johnston-Helms package when it was finally enacted by the Senate, following Senator Lowell Weicker's (R-Conn.) year-long filibuster.

The Administration has ignored its responsibility to enforce the legal requirement of equal educational opportunity. Instead, it has reversed enforcement policies and dragged its feet on the number of cases and reviews it is handling.

- One of the Administration's most publicized reversals of long-standing civil rights policy was its attempt to extend tax exempt "charitable" status under the tax statutes to racially discriminatory private schools. Despite its own characterization of Bob Jones University as "blatantly discriminatory," the Administration sought to grant it tax-exempt status. Trying to avoid the embarrassment of a Supreme Court decision upholding the former IRS policy of denying exemptions to such schools, the Administration unsuccessfully sought to convince the Supreme Court to refrain from ruling on the policy. Because of the Administration's shift in position, the Court has to appoint a special counsel to represent minorities' interest in denying tax-exemptions to discriminators. A decision is awaited.

- The Justice Department has not filed a single new education-related civil rights case. Fully investigated cases have been virtually abandoned by the Justice Department in Phoenix, Rochester, Albuquerque, and the St. Louis area. In many cases, appeals have not been taken from adverse rulings, despite years of work by previous administrations.

- The House Judiciary Committee's Subcommittee on Civil and Constitutional Rights heard testimony in the fall of 1982 that described the Department of Education's (1) excessive violations of the 1977 court order and timetables in Adams v. Bell, a case requiring the Department of Education to process civil rights complaints and conduct compliance reviews in a timely manner; (2) insufficient documentation of findings in individual complaints; (3) inconsistent findings in complaints involving similar issues; (4) acceptance of promises of future action by school authorities as evidence that the schools were presently in compliance; and (5) failure to use established legal standards in evaluating whether schools are in compliance or whether discrimination has taken place.

- Secretary Bell also ordered the Education Department's Office for Civil Rights to stop investigating and enforcing complaints of denials of "related services" necessary to allow handicapped children to attend school and obtain the equal educational opportunity guaranteed by the civil rights act for the handicapped (Section 504).

The proposals for FY 1984 are no better. For the coming year, the Administration plans to continue its policy of nonenforcement of civil rights requirements in education.

- The Administration has cut back on civil rights enforcement personnel and is proposing more cuts for 1984. For example, the Department of Health and Human Services will have experienced a 13.7 percent cut in civil rights personnel since 1981 if the Reagan budget is accepted; the Equal Employment Opportunity Commission, a cut of 300 authorized positions. The Office for Civil Rights in the Department of Education is proposed to have $2.8 million cut from its budget for FY 1984. (It is impossible to determine how many personnel will be cut, because the Administration no longer provides such information in its budget proposals.)

- The Administration claims to be continuing its "aggressive efforts to expand involvement of state and local agencies" in enforcing civil rights protections. Yet, it is cutting direct aid and technical assistance to local and state agencies for civil rights efforts in housing and employment. Also, it proposes to defer the centers established to aid schools in coping with problems incident to desegregation, authorized under Title IV of the Civil Rights Act of 1964. And it wants to cut out grants to public and private agencies to achieve educational equity for women.

Nor is the Administration's anti-civil rights position in education confined to opposing school desegration. It also wants to reduce the educational rights of alien and handicapped children, and has tried to do this through the courts and its own regulatory agencies:

- In Plyer v. Doe, a suit challenging the denial of free public education to undocumented alien children, mostly of Mexican descent, the federal government abandoned its position supporting educational opportunity that it had taken in the lower courts and told the Supreme Court that it had no view on the issue. The Supreme Court ruled for the children.

- When the Administration failed to get any member of Congress to agree to introduce its proposal to repeal crucial parts of the Education for All Handicapped Children Act, P.L. 94-142 (which guarantees handicapped children an adequate education), the Department of Education then proposed to delete or weaken many of the regulations implementing the act. The public outcry was so great that the Administration agreed to pull back its proposal. Even so, over 20,000 comments were received on the proposed modification in the regulations.

CIVIL RIGHTS STATUTES GENERALLY COVERING PROGRAMS RECEIVING FEDERAL FUNDS

Three key civil rights statutes prohibit discrimination by public and private agencies, programs d institutions receiving "federal financial assistance." They are: Title VI of the Civil Rights Act of 1964 (race and national orgin discrimination); Section 504 of the Rehabilitation Act of 1973 (discrimination on the basis of handicap); and Title IX of the Education Amendments of 1972 (sex discrimination in educational programs only). Together they preserve the integrity of the federal government by prohibiting federal financial support for

discrimination and, most importantly, they provide a powerful incentive not to discriminate for those who wish to receive federal grants. While Title VI and Section 504 have been applied most frequently to ensure educational opportunity, they also require nondiscrimination in a wide variety of federal programs, including those administered by the Departments of Transportation, Labor, Health and Human Services, and Housing and Urban Development.

As discussed throughout this chapter, the Administration has attacked civil rights through many means when it has failed to get Congress to weaken a statute (e.g., discussion of the Voting Rights Act following). The Administration has turned to the courts for new judicial interpretations that narrow the law and has revised its own administrative regulations that explain and implement statutes. This has also been the pattern with respect to Title VI, Section 504, and Title IX.

- The Administration wants to redefine the term "federal financial assistance" very narrowly to limit the laws' application. For example, it has sought to exempt many colleges and graduate-level professional and vocational schools from the coverage of these civil rights statutes by claiming that the federally guaranteed student loan program is not "federal financial assistance" and thus Title IX (and, by implication, Title VI and Section 504) does not apply to these schools.

- Similarly, the Administration is now arguing in the courts that when an agency, school district, or university receives "federal financial assistance," the civil rights laws only prohibit discrimination in the particular program using the funds, rather than the institution or agency as a whole. Thus, if the Administration has its way, a university science department could receive millions of dollars in federal and research construction funds, but the university would have to ensure only that its science program (not its English athletics, or choral society) provides an equal educational opportunity.

- The Administration has proposed to water down drastically the existing regulatory protections for racial minorities and Hispanics under Title VI and handicapped citizens under Section 504. The regulations implementing these civil rights laws are very important, since the laws themselves state only a general prohibition against discrimination. The existing regulations were written after an extensive period of public comment and Congressional scrutiny.

VOTING RIGHTS

The Voting Rights Act, passed by Congress in 1965 to implement the 15th Amendment to the Constitution, had to be reauthorized by Congress in 1982. Experience had shown that a number of provisions needed strengthening to root out the remaining vestiges of racial discrimination in voting.

The Administration, however, joined forces with the congressional opponents of strengthening the Voting Rights Act. After months of refusing to take a position, the Administration sent its Attorney General and Assistant Attorney General for Civil Rights to testify against a key provision in the House version of the extension of the act. The provision clarified that proof of discriminatory intent or purpose was not required in voting rights lawsuits, if there was proof of discriminatory effect. Using the spurious argument that the amendment would require proportional election results, the Administration put in jeopardy passage of the extension of this key civil rights protection. The law eventually passed the Administration's participation and indications are that the Justice Department will not use the statute's prescribed "effects" test in its review of voting discrimination cases.

- The Justice Department has approved under its supervisory authority under the Voting Rights Act a gerrymandered election district in New Orleans that places the city's Blacks into two white majority districts. The voting rights experts within the Justice Department who are not political appointees rejected the proposed new district. But Assistant Attorney General Reynolds overruled them and ordered approval in June 1982. This election district is now being challenged in court as being in violation of the Voting Rights Act.

- Under the new Voting Rights Act over 400 states and counties can apply next year under an easier standard for release from the Act's preclearance requirements. Yet, the Justice Department's FY 1984 budget request does not include sufficient new positions to monitor and approve the release requests properly.

EMPLOYMENT

The main bulwark against racial and gender-based discrimination in employment is Title VII of the Civil Rights Act of 1964. Title VII has been a key tool in opening up economic opportunity to minorities and women. Yet the Administration seems bent on undoing progress made in this area. The requirement that companies proven to have discriminated in hiring or promoting take strong steps to seek out and hire qualified minorities to make up for the years of discrimination (so-called "affirmative action") has been a special Administration target, as has the Supreme Court's ruling that tests used to make hiring and promotion decisions be unbiased.

- In the Beecher case in Boston, discrimination by the fire and police departments had been proven. As a result of the court's affirmative action order, the number of minorities on the forces was increasing. When lay-offs were made, due to lost revenue from a state tax cut, the district and appellate courts provided some protections to the newly hired minorities. The Justice Department is trying to overturn these protections in the Supreme Court.

- In the New Orleans police department employment discrimination case, Williams v. City of New Orleans, the Administration has sought to intervene in the Court of Appeals to overturn an agreement reached between the Black plaintiffs and the city. The Justice Department is arguing that the consent decree (a judicially approved agreement) cannot require strong affirmative steps unless there has been a trial and finding of discrimination. This argument not only seeks to overturn the Supreme Court's 1979 decision in U.S. Steelworkers v. Weber, but it will frustrate employers' efforts to settle cases without extended costly litigation. The Justice Department is also challenging other details of the particular hiring plan established by New Orleans.

- In Connecticut v. Teal, the Justice Department sought to convince the Supreme Court, in the words of the Court, to create a "special haven" for discriminatory tests for employment that kept women and minorities out of jobs. It thus sought to reverse a long-standing Supreme Court interpretation of federal law. The court rejected the Administration's position, which even President Reagan's Equal Employment Opportunity Commission declined to join.

- The Administration has proposed new rules under Executive Order 11246, which requires affirmative action by federal contractors. This proposal would severely weaken this important avenue for the job advancement of women and minorities. The proposed rules have not been issued in final form because of the public outcry they produced. If adopted, they would, in effect: 1) permit contractors to meet their obligations by hiring women only as "helpers"--the least skilled, lowest paying, most dead-end jobs, and 2) limit the circumstances under which backpay would be sought for victims of discrimination, thereby denying compensation for victims and reducing employers' incentive to stop discrimination.

HOUSING

The Fair Housing Act of 1968 prohibits housing discrimination. Yet the problem of racial discrimination in housing has persisted. A 1979 Department of Housing and Urban Development (HUD) study showed a Black homeseeker still had a 75 percent chance of encountering discrimination in the rental housing market. Legal responsibility to enforce federal fair housing laws rests with the Justice Department. The Administration has adopted a two-prong strategy to frustrate the fair housing law.

- First, it has drastically cut back on the number of cases it is filing. In two years it has filed only three new cases. Second, in pending cases, the Administration has refused to allow its attorneys to use the "effects" test for discrimination, even though the courts have found that test to be the applicable one. This means that in many cases discrimination will go uncorrected unless some overtly racial statements or actions can be proven. Obviously, this approach erects a virtually insurmountable barrier to opening housing up to minority families.

CONDITIONS IN INSTITUTIONS

For over a decade, under Republican and Democratic administrations, the Justice Department has gone to court to protect the constitutional rights of children and adults confined in a variety of state and local institutions. Intervening in ongoing cases and bringing cases on its own, the federal government has sought to ensure that institutions for the mentally retarded and mentally ill provide adequate care and treatment in appropriate and decent settings, preferably outside institutions and in the community. Similarly, it has moved to clean up barbaric conditions in state prisons and local jails.

This Administration has abandoned its duty to enforce the Constitution in these areas. Ironically, it is changing its position in many of the cases that the federal government voluntarily entered several years ago, frustrating the rights of those the government once claimed to protect.

- In 1982 the Supreme Court, in Youngberg v. Romeo, defined the minimum constitutional protections for mentally retarded people in institutions. It explicitly left open for the future what the full extent of the constitutional right to treatment might be. Nonetheless, the Assistant Attorney General for Civil Rights has instructed the Justice Department to stop enforcement of the constitutional right to care and treatment in the least restrictive setting. The Administration is telling courts in cases across the country that the Constitution does not require treatment aimed at developing basic living skills, but only the care necessary to assure a person's safety within the institution.

- In Wyatt v. Ireland, the landmark right to treatment case which established basic constitutional rights for Alabama's institutionalized mentally ill and mentally retarded, the Justice Department has recently switched sides and joined the defendants. It is now seeking a withdrawal of the court's decade-old order and termination of the "Receiver" appointed by the court to assure compliance after years of proven violations by the State. Until now the Justice Department had vigorously represented mentally ill and retarded persons' rights to appropriate care and treatment in the least restrictive setting.

- On January 6, 1983, a federal court in Mississippi dismissed the Justice Department from most of a 12-year-old case challenging overcrowding and inhumane conditions in Mississippi's state prison system. Judge Keady stated: "it will serve no useful purpose to summarize the varying inconsistent positions taken by the United States . . . . The Department of Justice has clearly indicated that the litigation interest of the United States is not in accord with current orders of this court [ensuring minimal constitutional protections for people in prisons and jails]."

CHAPTER 19

The Administration's Regulatory Framework

INTRODUCTION

When Congress passes a law, it frequently leaves the details of operating the program and enforcing the law to a federal agency. Congress doesn't have the time, and frequently doesn't have the desire, to enact elaborate definitions of every word, phrase, or sentence. For example, Congress has said that children who apply for Aid to Families with Dependent Children (AFDC) or Medicaid must be given it "with reasonable promptness." State Medicaid programs must provide all eligible children with "early and periodic screening and diagnosis. . . and health care, treatment and other measures" to correct health problems that are discovered. Such imprecise phrases must be defined by other units of government. Primary responsibility for defining such terms belongs to federal administrative agencies--in the case of laws affecting children, primarily the Departments of Education, Health and Human Services (HHS), and Agriculture. The content of the resulting rules can determine the economic, social, and environmental health of the country. Many rules are as important to policymaking and beneficiaries as are legislative decisions.

A Children's Defense Budget examines how the Reagan Administration's rules in particular subject areas harm children. In health, the Administration has refused to publish rules to implement safeguards in the Maternal and Child Health and Primary Care Block Grants; failed to enforce existing program requirements for Medicaid's preventive health program for children; attempted to eliminate the obligation of hospitals that have received federal funds for construction and renovation to provide minimal levels of free care to poor people; and proposed

new regulations that will make it more difficult for family planning programs to serve adolescent clients.

In child welfare, foster care, and adoption, the Reagan Administration has not issued final regulations clarifying states' responsibilities to homeless children more than two years after passage of a federal law guaranteeing greatly needed protections to these vulnerable children.

In child nutrition programs, the Administration proposed rules to include highly sugared cereals and chocolate milk on a list of "prescription foods" for poor mothers and children, to allow ketchup and relish to count as vegetables in the School Lunch and School Breakfast Programs, and to significantly reduce the amounts of food and milk provided to children in these programs.

In education, proposed Reagan Administration regulations would have undermined educational safeguards and protections for handicapped children and parents. No regulations clarifying states' obligations to provide remedial education for disadvantaged children have yet been formulated. The Administration even tried to "streamline" existing Head Start regulations in a way that would have weakened the program's successful performance standards.

Many of these regulatory proposals are detailed throughout Part II of this book. The Reagan Administration's rules often subvert the law by accomplishing budget cutting not intended by Congress and denying children vital rights and benefits. This chapter examines the process by which the Administration arrives at such rules and describes a few of the multitude of possible examples of how the rulemaking process has been manipulated to injure poor people and children and to destroy accountability and efficiency.

An administrative body is neither representative of the people nor omniscient. Its deliberations are usually not public, and its bureaucracy is not subject to the political process. Some method of injecting public participation is necessary.

Congress therefore established, in the Administrative Procedure Act, a system under which the agency first drafts a proposed rule and publishes it in the Federal Register, requesting the public to comment on the proposal by a certain date. After that date, the agency must consider the comments and publish a final rule, again in the Federal Register, that shows it has considered and responded to the comments and made appropriate changes.

The public participation process elicits facts, information, and perspectives that the agency frequently does not have. It can point out unanticipated

problems, inconsistencies, illegalities, and irrational approaches. Moreover, it promotes acquiescence with the final rule, creating understanding of the final decision and dispelling suspicions of agency arrogance, unfairness, or ulterior motivation. The leading academic commentator on administrative law, Kenneth Culp Davis, has stated that the rulemaking procedure is:

> One of the greatest inventions of modern government. [It gives affected parties] quick and easy means to transmit the facts, ideas, or understanding to the agencies at the crucial time when the agency's positions are still fluid. The procedure is both democratic and efficient.

The Reagan Administration is at war with this procedure.

DEREGULATION--FOR SOME

Much of the Reagan Administration's regulatory dismantlement has been designed to cut costs and shift responsibilities to the states. But few regulatory changes have been accomplished in a fair and thoughtful manner, attempting to balance the interests of the most vulnerable children in society against cost concerns. Moreover, many regulation reviews have been carried out in the White House or under the direction of the Office of Management and Budget (often after improper contacts with business groups), rather than by the agency with expertise in the substantive area.

The code words "deregulation" and "flexibility" for state governments frequently hide a thrust to alter social, economic, and legal policies in order to disfavor individuals and favor large corporations and state and local governments. If a certain corporate practice has been regulated, the Reagan Administration will "deregulate" to reduce environmental and consumer protection. If a state or local government has been regulated in a way that restricts its ability to take arbitrary and harmful actions toward program beneficiaries, it will now be given new "flexibility" through "deregulation."

In contrast, state or local discretion to help people is, with far less public fanfare, being reduced by new, additional regulatory restrictions. And where President Reagan's own federal bureaucracy interacts directly with program beneficiaries, new rules and red tape are devised to cut benefits.

One of the clearest examples of the mythical status of deregulation and the Administration's total lack of evenhandedness comes in Aid to Families with Dependent Children (AFDC). The Omnibus Budget Reconciliation Act requires

states to recover money "promptly" from recipients for overpayments that the state has made and to compensate recipients "promptly" for past underpayments (money inappropriately withheld by the state).

HHS's resulting regulations define promptness in recovering overpayments: states must take certain recovery actions within three to six months. But the identical concept of promptness from the identical sentence of the statute was left undefined for underpayments; when the state owes money, it can sit on the repayment indefinitely. This is neither deregulation nor overregulation. It is simply inconsistency in the service of unfairness.

Other new federal welfare rules--such as requiring recipients to file monthly reports--have generally increased red tape and government intervention in the lives of the poor, frequently over the objections of state governments. A Maine Department of Human Services spokesperson said that "one of the ironies of all the Reagan revisions is that they put more strings on the welfare program...." Louisiana estimated that complying with new federal rules would require hundreds of additional welfare caseworkers.

BYPASSING THE PRIOR NOTICE AND COMMENT PROCESS

The Reagan prescription of fewer protections and more red tape for program beneficiaries is frequently being implemented without regard to the procedural requirements of law. This is an attempt to impose policy without public participation and to stifle the voices of dissent.

Under the Administrative Procedure Act agencies may circumvent prior notice and comment only at times when going through the whole process would be impracticable or contrary to the public interest. For example, when Congress passes a law that takes effect in a few days and rules are immediately necessary, publication for comment before a final rule could be inappropriate.

In such circumstances agencies publish an "interim final" rule, effective immediately, but allowing comments after the fact. Such comments theoretically are considered in adopting the ultimate rule. Once bureaucrats issue an interim rule, however, they are too unwilling to change the legal, practical, and psychological status quo they have created. Public comment is discouraged. Because the procedure is flawed, it is supposed to be used sparingly.

The Administration has abused this exemption, publishing dozens of rules

without prior notice and comment, even though immediate action was not necessary. There is room here for only a few examples:

- In March, 1982, HHS voided, for one circumstance, rules for protecting people who are potentially subject to government "experiments." It did so because it wanted to allow states to circumvent federal laws and conduct a series of ill-conceived "experiments" requiring Medicaid recipients to pay part of the cost of necessary services. HHS did this by issuing a final rule, without prior notice and comment. Five months later Congress had to enact legislation to override HHS' action.

- In the 1981 Omnibus Budget Reconciliation Act Congress instructed the Department of Agriculture (USDA) to reduce by 10 percent the reimbursement rates to local agencies for the cost of adminstering the Child Care Food Program. USDA waited several months before issuing rules, then issued them in interim final form in May, 1982. The rules cut reimbursement rates by 13 percent to 30 percent. A court had to order USDA to withdraw its rules and abide by the Administrative Procedure Act.

- The 1981 Omnibus Budget Reconciliation Act also required the Department of Housing and Urban Development (HUD) to phase in rent increases for families in public housing. HUD had some discretion as to the pace of the increases. HUD published no rules for many months, then published an interim final rule. This rule is also involved in litigation.

- In 1982, HHS published rules implementing a 1980 law requiring states to include nurse-midwife services in their Medicaid programs. HHS found issuing the rule--two years late--to be such an urgent matter that it published it as interim final, thereby subverting any need to respond to comments.

- The Department of Agriculture, using an interim final rule, suspended an existing regulation that improved children's school lunches by increasing the portions of beans, peas, and eggs allowed as substitutes for meat.

Such interim final rules, as detrimental as they are, are at least published in the Federal Register so people are aware of them. But frequently President Reagan's agencies do not even publish their rules. They use semicovert memoranda to issue, suspend, or change rules:

- HHS, in an effort to undermine the important preventive health and dental checkups program for children under Medicaid, totally circumvented public rulemaking procedures by sending out informal notices to state agencies that allowed them to ignore certain regulations elaborating on their duties in the Early and Periodic Screening, Diagnosis, and Treatment Program. Although HHS admitted that its action was illegal, it took no corrective action, leaving states, beneficiaries, and advocates in confusion.

- HHS also has given covert instructions to its staff and state agencies regarding implementation of the Adoption Assistance and Child Welfare Act of 1980. While all foster children are entitled to receive certain crucial services defined by the statute, HHS has distributed a memorandum saying that

states will be found in compliance if they give services to two thirds of the eligible children.

Other changes in rules without any public notice, much less prior notice and comment, have been a reduction in HUD subsidies to public housing authorities for the tenants' utility costs, a suspension of rules requiring patient information inserts in packages of certain commonly used drugs, and a tightening of standards for Social Security and Supplemental Security Income disability eligibility.

BYPASSING NOTICE AND COMMENT ENTIRELY

The Administrative Procedure Act says that the public comment process need not necessarily apply to rules concerning federal grants or benefits. This exemption, dating back to the 1940's when grant and benefit programs were much less important than today, would potentially exclude AFDC, Medicaid, child nutrition, Social Security, education for handicapped children, and a multitude of other child welfare programs from the notice and comment process. However, the Administrative Conference of the United States found the exemption outdated and recommended that agencies waive the exemption. In 1971 all of the large federal agencies (including HUD, Labor, Agriculture, and the Department of Health, Education and Welfare [HEW], the predecessor of HHS and Education) waived the exemption. For 12 years government agencies have routinely used the notice and comment process for grants and benefits rules.

As discussed above, HHS and other agencies have, in the last two years, grossly abused this process by not allowing prior comment on many rules and by not publishing other rules at all. But HHS apparently is unsatisfied with circumventing the rule-making process. It has proposed completely withdrawing its grant and benefit programs from the prior comment system established by law.

On June 22, 1982, HHS proposed to repeal its 1971 waiver of the grants and benefits exemption. Despite the virtually unanimous opinion of administrative law experts, other government agencies, and former HHS and HEW Secretaries, HHS argued that the notice and comment process is too "rigorous," and proposed to use its own standard: prior comment would be skipped when, in the "judgment" of HHS, the time taken by notice and comment "would impair the attainment of program objectives." This proposal is so vague and sweeping that the exception would

swallow the rule. Since, presumably, every agency believes its rule has "program objectives," they would always be impaired by any delay. HHS also proposed to cut off any court review of whether it was abiding by its new and unique notice and comment process.

Ironically, and fortunately, this HHS proposal was itself published for prior comment. Over 1,400 public interest groups, program beneficiaries, medical provider groups, unions, members of Congress, state attorneys general, and state agency officials wrote to object. HHS has not yet announced whether it will ignore the public comments (and adopt the rule restricting public comments), or listen to the public response and continue, at least in theory, to abide by the Administrative Procedure Act. Despite the outpouring of public criticism, the danger remains. As the Cleveland Plain Dealer said:

> Given its druthers, the federal Department of Health and Human Services would just as soon make its regulations in a secret, dimly lit back room and spring them full-blown and relatively impregnable from public uproar. Democracy is all the stronger when the governed are able to freely comment on what their government is doing. Changing public notice and comment procedures is a terrible idea with an understandable fascination for bureaucrats. But cutting Americans out of their part in the making of rules and regulations that so intimately affect so many lives is wrong.

BARE-BONES RULE MAKING

The purpose of rulemaking is to interpret cryptic or ambiguous laws, fill in interstices, and give guidance to the public. Much of the Reagan Administration's rule making ignores all of these purposes. Many of its rules simply repeat--at most--the language of the statute. They are not rules at all. Examples include many of the proposed rules for the Adoption Assistance and Child Welfare Act and for the Education for All Handicapped Children Act, and the rules already adopted for block grants. Indeed, in December 1982 a federal court had to prohibit implementation of HHS's Primary Care (Community Health Center) Block Grant rules because they failed to specify any regulatory standards.

Another of the Administration's new anti-rule-making devices is to pervert the explicit congressional mandate to interpret legislation by issuing a "rule" that turns the interpretive authority over to the groups or agencies that are supposed to be regulated:

- The 1981 Omnibus Budget Reconciliation Act told the Secretary of HHS to "prescribe" the amount of child care and other work-related expenses that would be deductible from gross income in determining the eligibility and payment level of an AFDC family with a parent working part time. The Secretary's regulations (interim final, of course), refused to prescribe the amount, and instead left the matter wholly up to state discretion.

Similar "nonpolicy" is evident in many of the proposed rules for the Education for All Handicapped Children Act, P.L. 94-142.

In Medicaid, certain interim final rules gave states discretion to set eligibility levels below those mandated by statute. As discussed in the health chapter, this necessitated corrective legislation in which Congress had to reiterate the law of the land. One final consequence of the Reagan Administration's subversion of the regulatory process is an increased burden on Congress, which must devote time and effort to scurrying around pouring statutory water wherever the Administration has lit a match to set a regulatory fire. As a result, the regulatory distortions are also beginning to cause legislative distortions as well. The Administration's actions place a similarly increased demand on the courts to clarify laws where the agencies have failed to do so and to prevent improper circumvention of the laws by the agencies.

The upshot is nonenforcement of laws. Accountability and efficiency, and the good guidelines required to help get services to the people who need them, are lost. Poor children and families suffer at the hands of government mismanagement.

CHAPTER 20

Legal Services

INTRODUCTION

When President Reagan was governor of California, he and his counsel, Edwin Meese, opposed the maintenance of legal services in the state. They made charges of improper activities against a local legal services program. The charges were found baseless by an investigating panel of state judges. Now President Reagan and Ed Meese have continued their crusade against legal services on a national level. They have tried in a variety of ways to eliminate or cripple the program. Elizabeth Drew wrote in the New Yorker that "these people are carrying old grievances . . . to their logical conclusion." Maryland State Attorney General Stephen Sachs testified in Congress that "there is no stain on the Reagan Administration uglier" than its efforts to eliminate legal services.

The President has persisted, however. For FY 1984 he has proposed, for the third year in a row, to eliminate legal services entirely.

THE ROLE OF LEGAL SERVICES

The federally funded legal services program provides free legal help to poor people for noncriminal legal problems. It originated in the 1960's as part of the Office of Economic Opportunity. Because of concerns about attempts by various officials, including (by then) former Governor Reagan, to exert political control over the program and to curb aggressive legal representation of poor people, Congress created the Legal Services Corporation (LSC) in 1974. LSC is wholly funded by the federal government, but it is not a typical agency. It is

a semi-independent, nonprofit corporation that distributes the federal funds to local nonprofit legal aid corporations across the United States and to a few centers specializing in particular areas of law. Most of these programs are funded almost entirely by federal grants.

Most legal services cases involve poor people's family relations and economic transactions. Juvenile and family issues constitute over 30 percent of the caseload. The remainder involve matters such as landlord-tenant disputes, consumer problems, and attempts by poor people to get necessary government benefits under Medicaid, Food Stamps, Aid to Families with Dependent Children (AFDC), Social Security, and similar assistance programs.

While most representation is in individual disputes, legal services lawyers have also tried to remedy some of the more systematic abuses of poor people. They have represented organizations of poor people--such as tenant unions and neighborhood and community groups. They have lobbied in Congress and state legislatures, in the same way that corporations, government agency personnel, and other interest groups lobby. And they have brought numerous successful class action lawsuits against government agencies and private parties. Class actions are a common vehicle for asserting in court all of the claims of hundreds or thousands of people who have been identically injured by the opponent's actions.

It is precisely such effective advocacy for the poor that has incurred President Reagan's wrath, because the Administration is trying to weaken systems of law that protect consumers, tenants, members of minority groups, and beneficiaries of government programs, including children. Equally important, the legal services program stands as a bulwark against any failure to enforce the existing laws protecting poor people.

Legislation that provides funds for child welfare services or guarantees handicapped children the right to education or mandates preventive health care for poor children does not always get carried out. Too often, such children and their families are denied public benefits or rights provided by law because they are unaware of their rights or lack access to lawyers. Public agencies are seldom self-policing. Legal services lawyers are often children's advocates of last resort.

BUDGET CUTS

In FY 1981, when President Reagan took office, the legal services program

received $321 million in federal funds, which allowed programs to serve only 15 to 20 percent of the need. For each ensuing year, including FY 1984, the Reagan Administration has proposed that all federal legal services funding be eliminated. As a smokescreen, the Administration has said that states can provide legal services from Social Services Block Grant funds, but has allocated no additional money for the addition of legal services to the block grant. States are unlikely to take nonexistent excess money from other programs, already reduced themselves, to fund legal aid, particularly since legal services programs frequently sue states. States can already use federal social services funds--or state funds--to supplement legal services programs' budgets. Only a handful of states make even small grants. Indeed, one reason that LSC was created as an independent entity was to avoid reliance on governments with which LSC attorneys were sometimes in an adversary relationship.

For FY 1982 and FY 1983, a bipartisan coalition in Congress overwhelmingly rejected the Reagan proposal to eliminate legal services, and funded it (through continuing resolutions) at $241 million a year, a 25 percent cut. Given the effects of inflation, and a new requirement beginning in 1982 that programs devote 10 percent of their funds to involving private attorneys in the delivery of legal aid, the $241 million in reality approaches a 50 percent cut. Other funding sources have replaced a small amount of that money, but most legal services programs have undergone substantial retrenchment. By the end of 1981, local programs had closed 20 percent of their neighborhood offices and employed 1,773 fewer lawyers (a reduction of 28 percent). 1982 saw further program reductions.

The funding cuts have come, moreover, at the same time that there has been an increased need for legal services. Reductions in public assistance programs and growing rates of poverty have dramatically increased the need for legal aid. The legal services cutbacks have made representation of this increased caseload impossible.

Despite the program reduction, legal services has achieved a tremendous victory simply in surviving the President's onslaught. In his FY 1984 budget proposal, however, the President has chosen to stay the course. Once again, he proposes to eliminate the program entirely.

PRESIDENT REAGAN'S BOARD OF DIRECTORS

The Board of Directors of LSC is, by statute, supposed to be an independent, bipartisan entity, free from political control and dedicated to comprehensive and effective legal representation of the poor. The 11-member board is supposed to be appointed by the President and confirmed by the Senate.

The terms of all Carter appointees expired by July 1981. They continued to serve, however, while President Reagan tried to eliminate the program. Finally, when it was clear that Congress would save LSC, President Reagan moved to seize control. He waited many months while Congress was in session and then made his appointments while Congress was in recess. On December 30, 1981, he made seven "recess appointments" to the LSC Board.

A recess appointment is a little-used device whereby a President can assure the ongoing operation of a governmental entity, even though Congress is in recess, by making an appointment. The recess appointee serves until Congress confirms or rejects a permanent appointment (who may or may not be the same person) or until the end of the Congressional session.

There is some doubt that a recess appointment to the LSC Board is legal, since LSC is not a federal agency; it is a semipublic corporation. The old LSC board members have sued to declare President Reagan's recess appointments illegal, but have lost the first round. In the meantime, the recess appointees have acted as the directors.

Since December 1981, President Reagan has continued to fill the board with appointments made only during congressional recesses, thereby avoiding the normal, legal Senate confirmation process. The President made three more such recess appointments in January 1982. By October 1982, however, several of President Reagan's own appointees were showing suspicious tendencies toward moderation. The President tried to cement a majority hostile to legal services by making two more recess appointments (one to replace an earlier nominee who had resigned). The New York Times called the President's actions an "insult to the United States Senate, cynically frustrating its power" of confirmation.

Most of the recess nominees were chosen because of their desire to eviscerate LSC. None had any experience working with low-income clients and many actively had opposed them in litigation. They included

- William Harvey, who has represented school districts opposing desegregation, vetoed the creation of a poverty law clinic when he was dean of Indiana

University Law School, and served (along with Ed Meese) on the board of the Pacific Legal Foundation, a right-wing legal unit that has opposed environmental improvement, welfare rights litigation, and other progressive causes. Harvey was chosen to be Chairman of the LSC Board.

The New York Times described Harvey and another recess nominee, William O. .n, as "the leaders of the wrecking operation." Another nominee was

- George Paras, a former California judge (appointed by then Governor Reagan) who criticized a fellow judge as a "professional Mexican" too concerned about the "handicapped, welfare recipients, demonstrators, 'minorities' and miscellaneous other have-nots." Senator Eagleton called Paras a "14-carat bigot" and a "disgrace."

Most of the recess appointees were also nominated by President Reagan for full terms as LSC directors, subject to Senate confirmation. The nominations of Harvey, Olson, and Paras ran into trouble and their confirmation was in doubt. The White House, however, refused to agree to separate Senate consideration of each nominee. In December 1982, 52 Senators (including 18 Republicans) wrote President Reagan asking him to agree to allow six board members (not including Harvey, Olson, or Paras) to be confirmed. President Reagan immediately responded by withdrawing all of the nominations. He was unwilling to let the legal services program be controlled by the moderate conservatives he himself had appointed. President Reagan's press secretary said he wanted a board "philosophically in tune with him." President Reagan's own nominees were "not the ones we wanted," an administration official said.

At that point, public attention shifted to the fees being received by President Reagan's appointees. A House oversight subcommittee found that, in the first 11 months of their tenure in 1982, President Reagan's recess appointees received $156,201 in consulting fees from LSC, plus $87,896 more in expenses. Their fees in 1982 were more than twice the Carter appointees' fees during 1981. Harvey's share alone was $25,028, including many days for which he was paid a $221-a-day consulting fee for driving between Indianapolis and Washington. This $221-a-day fee is more than the monthly AFDC benefit in 14 states for legal services client families of a mother and two children. Olson got $19,726 for his part-time work. This is about $2,000 more than the average full-time legal services attorney's annual salary.

Conservative Republican Congressman Caldwell Butler, describing the appointees as "nuts," said that "the first thing they did was put all four feet and a snout in the trough." Republican Congressman Harold Sawyer said that the

Administration let the appointees "make a profit on the backs of a program designed to help out poor and elderly. It appears to be the application of a 'suck-up' as opposed to a 'trickle down' theory."

When Congress adjourned in December, the first nine recess appointments expired. The President then waited until shortly before Congress was to reconvene in late January 1983 and made four more recess appointments. On February 1, 1983, one of these appointees withdrew after it was revealed that he had been under investigation for improperly enriching himself while serving as a law school dean, although formal charges were not brought.

THE PRESIDENT OF THE LEGAL SERVICES CORPORATION

One of the last acts of President Reagan's ill-fated 1982 recess appointment board was to hire an LSC president. Ignoring the tens of thousands of lawyers who had demonstrated a concern with the legal problems of the poor, the Board chose Donald Bogard, who had no background in legal services, except as an adversary.

Bogard had previously been litigation head for Stokely Van Camp, a food company that employs many migrant laborers, defending the company against lawsuits by migrants represented by legal services attorneys. Bogard admitted in his job application and in testimony before Congress that he had no knowledge of the program. His credentials included, however, studying under Board Chairman William Harvey as a law student. Harvey gave Bogard what NBC News called a "sweetheart contract," including private club membership and one year's severance pay if Bogard left LSC. In late 1982 Congress passed a law making these benefits in Bogard's contract illegal.

RESTRICTIONS ON ACTIVITIES BY LEGAL SERVICES LAWYERS

Although LSC has survived, there has been a price, and not merely in budget reductions. The FY 1983 continuing resolutions have added certain limitations on the activities of LSC lawyers. These restrictions reduce the effectiveness of legal services and deny poor people the same level of legal representation that other groups in the society get.

- The first major restriction bars virtually all local, state, or federal lobbying by legal services lawyers with LSC money, except where there is a formal request from an official. Thus, unlike other Americans and unlike

corporations, poor people will seldom be able to use their lawyers in seeking redress from legislators. This will put the poor at an even greater disadvantage in the legislative process, portending greater budget cuts and further indifference to the needs of poor children and families. Legal services lawyers were unlike most other lobbyists in having no PAC money to distribute, no favors to give. They lobbied with information and a unique and valuable perspective. Congress has denied itself and state and local legislators access to valuable information and perspective.

- In the first FY 1983 continuing resolution was a provision saying that the LSC Board must set down rules for legal services programs to follow in filing class actions against governmental entities. Congress had rejected attempts to bar such class actions outright. The Harvey-Olson group on the LSC recess Board, however, attempted to regulate class actions by proposing rules that would have effectively banned them. The New York Times editorialized that President Reagan's appointees had twisted the law: another lawyer "who so misread" the statute "ought to be sent to retake the bar exam." The proposal "conveyed an unmistakable contempt for the poor." The threat was averted however, when Congress, in the second FY 1983 continuing resolution, withdrew the delegation of rule-making power to the LSC Board and wrote a milder, albeit still serious class action restriction into the statute itself: before filing a class action, a program must give notice, determine that the government entity is unlikely to change the challenged policy, and make responsible efforts to resolve the issue without litigation.

- In the first continuing resolution for FY 1983, Congress weakened the protection that legal services programs have against arbitrary denials of refunding by LSC. Having watched President Reagan's appointees in action, however, Congress in the second continuing resolution reversed course and required that no program can be denied funding except by the action of Senate-confirmed appointees (rather than recess members).

- For FY 1983 Congress has required that state and local bar associations that represent a majority of lawyers in each local program's area appoint a majority of such program's board of directors. This may cut minority lawyers off such boards, and may threaten the integrity of programs in areas where many private lawyers are hostile to the legal services program.

PART IV

Appendices

SELECTED CATEGORICAL CHILDREN'S PROGRAMS

Children's Programs	FY 1982 Current Policy[a] (millions)	FY 1983 Budget Proposal[b] (millions)	FY 1983 Enacted Level[c] (millions)	FY 1984 Budget Proposal[d] (millions)	Change FY 1983-FY 1984[e] (percent)	Change FY 1981-FY 1984[f] (percent)
Child Care & Child Welfare						
Head Start[g]	$ 904.0	$ 912.0	$ 912.0	$ 974.7	+ 6.9%	+ 7.8%
Social Services Block Grant	3,099.0	1,974.1	2,450.0	---		
Community Services Block Grant	586.1	100.0	348.0	---		
New Proposal	3,585.1	2,074.0	2,798.0	2,500.0	- 10.7	- 30.3
Indian Social Services	33.7	22.0	26.3	22.5	- 14.6	- 33.3
Runaway Youth	11.0	6.6	21.5	10.5	- 51.2	- 4.4
Juvenile Delinquency Prevention	116.4	0.0	73.0	0.0	-100.0	-100.0
Child Abuse State Grants	7.4	4.6	6.7	6.7	0.0	- 9.2
Social Service Demonstrations	48.4	30.8	22.0	9.3	- 58.0	- 80.9
Adoption Assistance	n/a	---[h]	5.0	5.0	0.0	n/a
Child Welfare Services	177.0	---[h]	156.3	---		
Child Welfare Training	5.6	---[h]	3.8	---		
New Proposal	182.6	---	160.1	156.3	- 2.4	- 14.4
Subtotal	$ 4,988.6	$ 3,050.1	$ 4,024.6	$ 3,685.0	- 8.4%	- 26.1%

SELECTED CATEGORICAL CHILDREN'S PROGRAMS
(continued)

Children's Programs	FY 1982 Current Policy[a] (millions)	FY 1983 Budget Proposal[b] (millions)	FY 1983 Enacted Level[c] (millions)	FY 1984 Budget Proposal[d] (millions)	Change FY 1983-FY 1984[e] (percent)	Change FY 1981-FY 1984[f] (percent)
Child Health						
Maternal & Child Health	$ 494.6	$ 347.5	$ 373.0	$ 373.0	0.0%	- 24.6%
Preventive Health Block Grant	107.4	81.6	86.3	85.3	- 1.2	- 20.6
Mental Health Block Grant	585.8	432.0	439.0	439.0	0.0	- 25.1
Development Disabilities	64.2	41.7	60.5	41.3	- 31.7	- 35.7
Immunization	32.9	28.9	39.3	41.9	+ 6.6	+ 27.3
Venereal Disease Prevention	51.6	45.6	47.7	48.5	+ 1.6	- 6.1
Community Health Centers	350.5	---[h]	295.0	---		
Black Lung Clinics	4.9	---[h]	3.1	---		
Migrant Health	46.8	---[h]	38.1	---		
Family Planning	175.1	---[h]	124.1	---		
Primary Care Research & Demonstration	10.8	---	0.0	---		
New Proposal	588.1	416.8	460.3	460.3	0.0	- 21.7
Adolescent Family Life[i]	---	16.0	13.6	16.3	+ 20.4	n/a
Subtotal	$ 1,924.6	$ 1,410.1	$ 1,519.7	$ 1,505.6	- 0.9%	- 21.8%

SELECTED CATEGORICAL CHILDREN'S PROGRAMS
(continued)

Children's Programs	FY 1982 Current Policy[a] (millions)	FY 1983 Budget Proposal[b] (millions)	FY 1983 Enacted Level[c] (millions)	FY 1984 Budget Proposal[d] (millions)	Change FY 1983-FY 1984[e] (percent)	Change FY 1981-FY 1984[f] (percent)
Education						
Compensatory Education	$ 3,961.0	$ 1,942.0	$ 3,167.9	$ 3,014.0	- 4.9%	- 23.9%
Handicapped Education	1,201.5	845.7	1,110.3	1,110.3	0.0	- 7.6
Bilingual Education	194.0	94.5	138.1	94.5	- 31.5	- 51.3
Vocational and Adult Education	1,021.5	500.0	823.7	500.0	- 39.3	- 51.1
Indian Education	89.5	51.1	67.2	0.0	-100.0	-100.0
Follow Through	44.3	0.0	19.4	0.0	-100.0	-100.0
Women's Educational Equity	10.0	0.0	5.8	0.0	-100.0	-100.0
Civil Rights IV-A Centers	45.7	0.0	24.0	0.0	-100.0	-100.0
Student Financial Assistance (Pell, Work/Study, Direct)	4,482.6	1,800.0	3,567.8	3,567.8	0.0	- 20.4
Higher/Continuing Education	447.6	247.2	397.7	204.7	- 48.5	- 54.3
Subtotal	$ 11,497.7	$ 5,480.5	$ 9,321.9	$ 8,491.3	- 8.9%	- 26.1%

SELECTED CATEGORICAL CHILDREN'S PROGRAMS
(continued)

Children's Programs	FY 1982 Current Policy[a] (millions)	FY 1983 Budget Proposal[b] (millions)	FY 1983 Enacted Level[c] (millions)	FY 1984 Budget Proposal[d] (millions)	Change FY 1983-FY 1984[e] (percent)	Change FY 1981-FY 1984[f] (percent)
Child Nutrition						
School Breakfast	$ 413.2	$ ---[h]	$ 327.0	$ ---		
Child Care Food	391.0	---[h]	332.0	---		
Summer Food	132.1	0.0	99.4	---		
New Proposal	936.3	488.0	758.9	535.0	- 29.5	- 42.9
Nutrition Education	16.6	0.0	5.0	0.0	-100.0	-100.0
Special Milk Program	121.9	0.0	20.1	11.7	- 41.7	- 90.4
Supplemental Food (W.I.C.)	1,028.5	652.5	1,092.6	1,092.6	0.0	+ 6.2
Subtotal	$ 2,103.3	$ 1,140.5	$ 1,876.6	$ 1,639.3	- 12.6%	- 22.1%

SELECTED CATEGORICAL CHILDREN'S PROGRAMS
(continued)

Children's Programs	FY 1982 Current Policy[a] (millions)	FY 1983 Budget Proposal[b] (millions)	FY 1983 Enacted Level[c] (millions)	FY 1984 Budget Proposal[d] (millions)	Change FY 1983-FY 1984[e] (percent)	Change FY 1981-FY 1984[f] (percent)
Miscellaneous						
Job Corps	$ 607.0	$ 387.0	$ 589.6	$ 585.6	- 0.7%	- 3.5%
Other Youth Employment	1,966.0	665.0	724.5	637.5	- 12.0	- 67.6
Low-Income Energy Assistance	1,849.5	1,300.0	1,975.0	1,300.0	- 34.2	- 29.7
Legal Services	344.0	0.0	241.0	0.0	-100.0	-100.0
Rehabilitation Services	1,045.1	650.0	1,036.7	1,036.7	0.0	- 0.8
Work Incentives	394.9	0.0	270.8	0.0	-100.0	-100.0
Appalachian Area Development	159.4	0.0	6.8	0.0	-100.0	-100.0
Community Development Block Grant	4,038.0	3,335.2	3,456.0	3,500.0	+ 1.3	- 13.3
Low-Income Housing (Section 8)[j]	24,956.5	3,804.6	11,454.7	6,498.7	- 43.3	- 74.0
Public Housing[j]	9,376.0	2,323.8	4,161.9	1,467.3	- 64.7	- 84.4
Subtotal (without housing)	$ 10,403.9	$ 6,337.2	$ 8,300.4	$ 7,059.8	- 14.9%	- 32.1%
Subtotal (including housing)	$ 44,736.4	$ 12,465.6	$ 23,917.0	$ 15,025.8	- 37.2%	- 66.4%
Total (without housing)	$ 30,918.1	$ 17,418.4	$ 25,043.2	$ 22,381.0	- 10.6%	- 27.6%
Total (including housing)	$ 65,250.6	$ 23,546.8	$ 40,659.8	$ 30,347.0	- 25.4%	- 53.5%

SELECTED CATEGORICAL CHILDREN'S PROGRAMS
(continued)

Notes

[a] FY 1982 is the budget authority needed during fiscal year 1982 to operate the programs at the same real level provided by the appropriations that were in effect at the time President Reagan took office. Subsequently President Reagan cut some programs, especially education programs, even in FY 1981; the figures shown do not reflect these "rescissions." Notice that this baseline is equivalent to assuming that inflation has been zero ever since FY 1982 began. Most of the estimates are those supplied to congressional committees by the Congressional Budget Office. In a few cases, where no CBO estimates were available, we used Office of Management and Budget current service estimates, or actual FY 1981 obligations.

[b] These are the FY 1983 budget proposals submitted to Congress by the President in February 1982.

[c] These are the levels now in effect for FY 1983. They do not reflect proposed rescissions that the President has just submitted.

[d] These are the levels proposed for FY 1984 by the President in his budget, January 31, 1983.

[e] This is the percentage change from the FY 1983 levels now in effect that would occur if the President's current proposals are enacted. The change shown does not include any allowance for price increases from FY 1983 to FY 1984.

[f] This is the percentage change from the levels in effect at the time President Reagan took office that would occur if his FY 1984 proposals are enacted. Notice that there has been no allowance for inflation since FY 1982 began.

[g] The FY 1984 level shown does not include the $76 million the budget substitutes for the Child Care Food Program funds received by Head Start centers now. Since the $76 million is less than Head Start would otherwise receive for the numbers of children the Administration intends to serve (the shortfall is about $8 million, including food price increases), the table overstates the real increase offered to the program.

[h] These programs were proposed for inclusion in a block grant in FY 1983, thus they did not have individual budget levels in last year's budget proposals.

[i] This program has been created since President Reagan took office.

[j] Current policy is FY 1981 actual.

MAJOR ENTITLEMENT PROGRAMS OF CRITICAL IMPORTANCE TO CHILDREN AND FAMILIES

Program	Approximate Current Policy Before Cuts in Effect for FY 1984 (millions)	Reductions in Effect From Cuts in FY 1982[a] (millions)	Reductions in Effect From Cuts in FY 1983[a] (millions)	Current Policy For FY 1984 After Enacted Reductions[b] (millions)	Proposed FY 1984 Budget (millions)	Change, FY 1983-FY 1984 (percent)	Change, FY 1981-FY 1984 (percent)
Food Stamps	$ 13,696.0	$ 575.0	$ 625.0	$ 12,496.0	$ 11,739.0	- 6.1%	- 14.3%
School Lunch	3,271.8	933.0	0.0	2,338.8	2,280.3	- 2.5	- 30.3
AFDC & Child Support	9,918.0	1,419.0	236.0	8,263.0	7,531.0	- 8.9	- 24.1
Foster Care	490.2	0.0	0.0	490.2	440.2	- 10.2	- 10.2
Medicaid	22,714.0	1,292.0	330.0	21,092.0	20,799.0	- 1.4	- 8.4
Total	$ 50,090.0	$ 4,219.0	$ 1,191.0	$ 44,680.0	$ 42,790.5	- 4.2%	- 14.6%

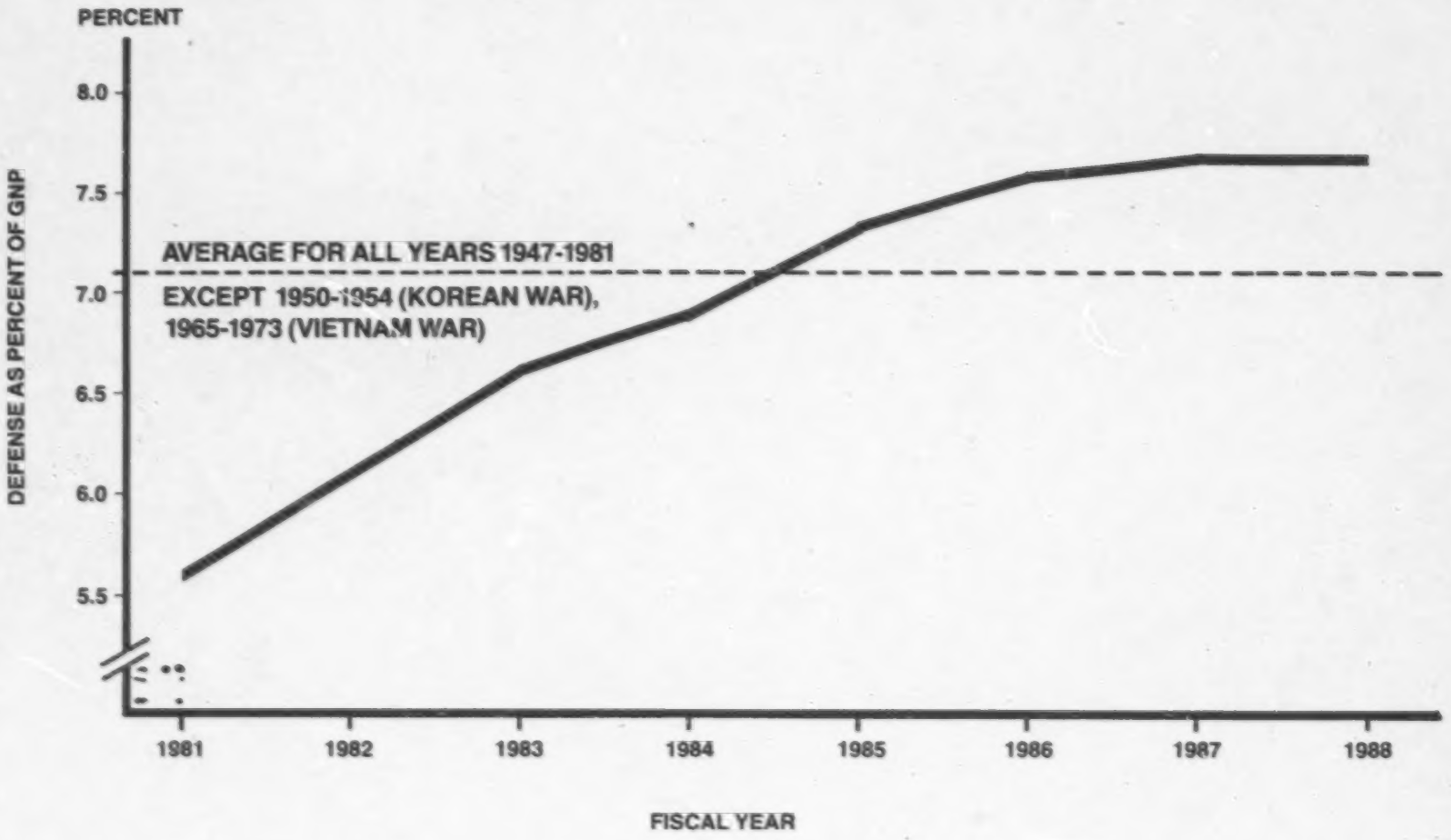
[a] Current impacts in FY 1984 of changes passed in 1981 and 1982 come from a variety of sources: AFDC estimates are from the conference reports accompanying the Omnibus Budget Reconciliation Act of 1981 and the Tax Equity and Fiscal Responsibility Act of 1982; nutrition estimates are from the Congressional Budget Office, except that we have prorated them among the fiscal years and component programs; we also estimated the impact of the delay in the date of adjustment of school lunch rates by assuming annual inflation of food costs equal to 5 percent; we estimated foster care current policy in FY 1984 by assuming that the same percentage increase would occur as did occur between FY 1982 and FY 1983 in the Office of Management and Budget estimates; Medicaid estimates are from the Congressional Budget Office.

[b] As given by the Office of Management and Budget.

NATIONAL DEFENSE OUTLAYS AS A
PERCENT OF GNP, FY 1947 - FY 1988

Fiscal Year	Defense/GNP		
1947	5.2%		
1948	3.2	average 4.3%	
1959	4.5		
1950 - 1954	Korean War		
1955	10.5		
1956	9.6		
1957	9.8		
1958	9.9		
1959	9.7	average 9.4%	
1960	9.9		
1961	9.2		
1962	8.9		
1963	8.7		
1964	8.3		
1965 - 1973	Vietnam War		
1974	5.6		average 7.1%
1975	5.8		
1976	5.5		
1977	5.2		
1978	5.0	average 5.4%	
1979	5.0		
1980	5.3		
1981	5.6		
1982	6.1		
1983	6.6		
1984	6.9		
1985	7.3	average 7.1%	
1986	7.6		
1987	7.7		
1988	7.7		

NATIONAL DEFENSE OUTLAYS AS A PERCENT OF GNP, FY 1981-FY 1988



SOURCE: OFFICE OF MANAGEMENT AND BUDGET

HOW POOR ECONOMIC CONDITIONS
AFFECT THE FEDERAL DEFICIT [a]

When:	Revenue Increases (in billions)	Outlay Increases (in billions)	Deficit Increases (in billions)
Unemployment increases 1 percentage point	- $29	+ $10	+ $39
GNP falls 1 percentage point	- 23	+ 5	+ 28
Inflation increases 1 percentage point	+ 15	+ 1	- 14
Interest Rates increase 1 percentage point	+ 1	+ 6	+ 5

[a] Changes are for the first full fiscal year following the date of the increase.

Source: Congressional Budget Office.

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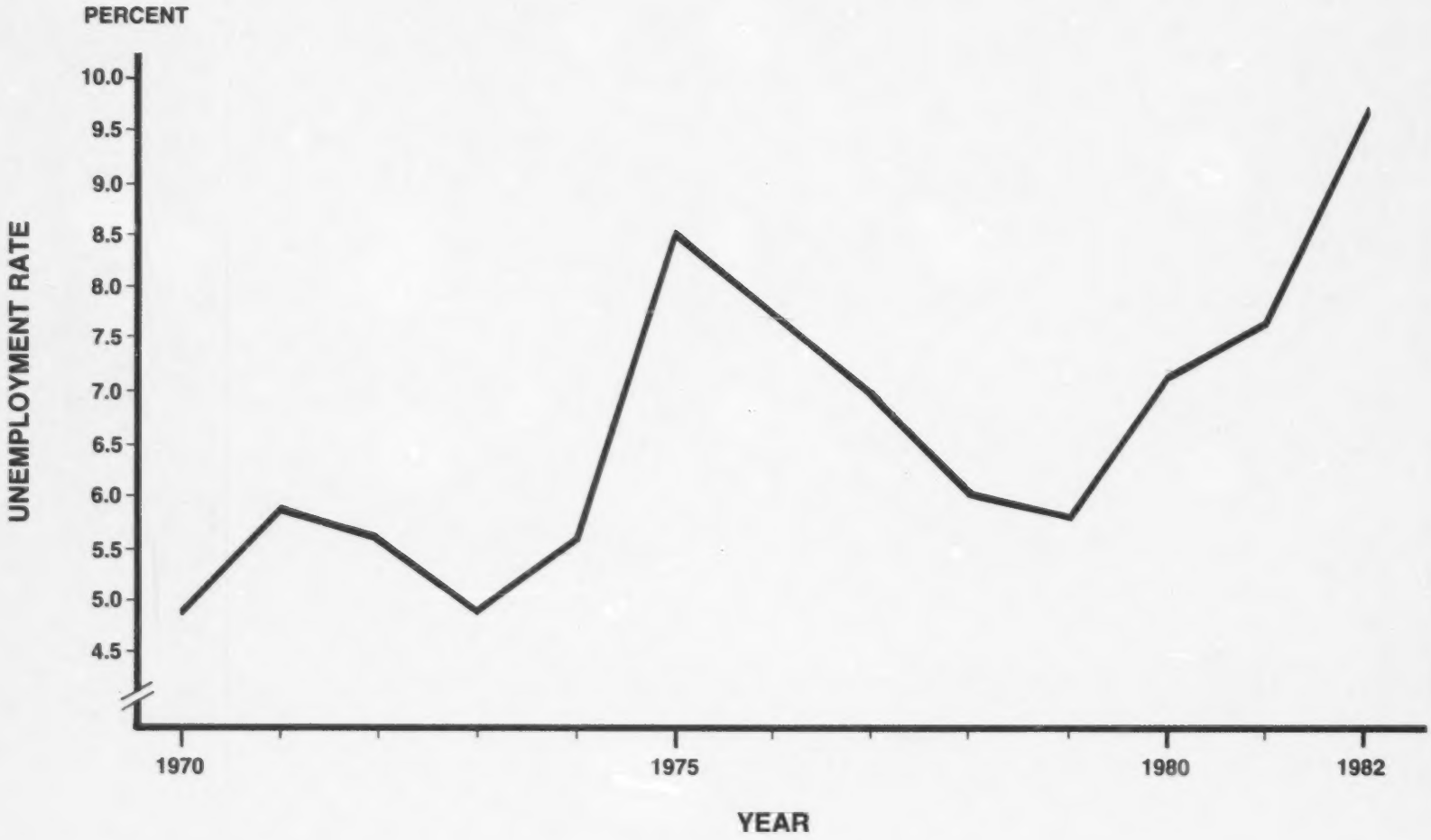
AVERAGE YEARLY UNEMPLOYMENT, 1970-1982



SOURCE: U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

COMPARISON OF GROWTH OVER TIME IN FEDERAL AND STATE
(INCLUDING LOCAL) GOVERNMENT EMPLOYMENT

	1965	1970	1975	1980	1981
Federal Civilian Non-Defense Employment (in millions)	1.493	1.728	1.855	1.922	1.866
State Employment (in millions)	8.001	10.147	12.084	13.315	13.103
Federal Civilian Non-Defense Employment as a Percent of Total Government Employment	15.7%	14.6%	13.3%	12.6%	12.5%
Federal Civilian Non-Defense Employment as a Percent of Civilian Labor Force	2.01%	2.09%	2.00%	1.76%	1.68%

LEVELS OF PARTICIPATION IN HUMAN SERVICES PROGRAMS BY RACE

Program	Number of Participants	Percent Black	Period Covered
CETA	2,897,200	31.8%	FY 1979
Summer Jobs	888,000	48.2	FY 1979
Head Start	387,300	42.0	FY 1981
Title XX	6,500,000	unknown	FY 1978
Title I	5,000,000	34.5	FY 1977
BEOG	1,836,000	34.0	1978-79 school year
Public or Subsidized Housing	7,255,000[a]	45.3	1981
AFDC by children	7,230,304	45.7	March 1979
Food Stamps persons	20,258,000[a]	36.7	1981
Free or Reduced Price School Lunch	10,678,000[a]	35.8	1981
Medicaid	19,407,000[a]	34.0	1981
Medicare	27,208,000[a]	9.2	1981
Energy Assistance (households)	3,932,127	26.5	FY 1981
WIC	1,581,935	36.5	FY 1979
SSI	4,142,017	27.5	Dec. 1980
Social Security	35,124,495	10.1	Dec. 1979

[a]Total number of people served at any point during the year.

FY 1984 CONGRESSIONAL BUDGET TIMETABLE

The Congressional Budget Process has become increasingly important in recent years. The process is designed to establish overall funding priorities for the Federal Government, taking both revenues and expenditures into account. The annual budget resolutions are the focal points in this process. The House and Senate Budget Committees have primary responsibility for the development of the budget resolutions; authorizing and appropriations committees also play key roles.

It is critical that everyone interested in children's programs forcefully and effectively inform members of the Budget Committees and other members of the absolute necessity that programs be continued, that no further cuts in funding levels be made, and that modest restoration in funding occur. The key points in the budget process are outlined below, followed by a list of the members of the Budget Committees and the Congressional recess schedule. The asterisks (*) on the budget timetable indicate the points at which letters, calls, and visits to members are essential. Your voice and presence make the difference. We urge you to participate in the Congressional Budget Process -- success depends on it.

January 31, 1983	President submits FY 1984 Budget to Congress.
February - March	House and Senate Budget Committees begin hearings on President's FY 1984 Budget proposal.
	o Analyses of the budget are prepared by Committee staff, CDF, and others.
*	o Testimony and comments from Administration officials and the public are received.

FY 1984 CONGRESSIONAL BUDGET TIMETABLE
(continued)

The authorizing committees review and analyze individual programs under their jurisdictions and formulate funding recommendations for submission to the Budget Committees.

*
- o Some committees hold public hearings and carefully review the needs of the program; others do not.
- o Committee recommendations are extremely important in later stages of the legislative process.

March 15 — Deadline for submission to Budget Committee of recommendations of authorizing committees.

April - May — Budget Committees conclude hearings and begin development of First Concurrent Budget Resolution. Resolution sets important, although non-binding, revenue goals and spending targets.

*
- o "Mark-ups" are held at which important votes are taken on budget proposals in each spending category or function. (One category, for example, is called Function 500 - Education, Training, Employment and Social Services).
- o Committees adopt First Concurrent Budget Resolution and report it to floor.

Full House and Senate consider First Concurrent Budget Resolution.

*
- o Alternative resolutions and amendments may be proposed on floor.

*
- o House/Senate conference committees convene to work out any differences between respective versions. Another opportunity for advocates to make case.

May 15 — Deadline for adoption of First Concurrent Budget Resolution. Deadline for authorizing committees to report out necessary authorization legislation for specific programs.

June - August — The House and Senate Budget Committees begin work on the Second Concurrent Budget Resolution.

- o The process is similar to that with respect to the First Resolution.

*
- o The Second Concurrent Budget Resolution is critically important because it is binding, and sets spending ceilings on programs by category.

FY 1984 CONGRESSIONAL BUDGET TIMETABLE
(continued)

	The House and Senate Appropriations Subcommittees begin work on 13 bills that appropriate funds for federal programs. Hearings are conducted, testimony is received from administration officials and public representatives, and mark-up sessions are held. o Decisions are made concerning FY 1984 spending levels for discretionary programs.
September 15	Deadline for final adoption of Second Concurrent Budget Resolution.
September 15 - 25 *	Reconciliation process may occur. If appropriations bills exceed ceilings in the budget resolution, Congress may order the affected committees to revise their spending to conform or reconcile with the ceilings. o Major substantive changes may occur in the context of reconciliation.
October 1, 1983	Beginning of FY 1984. o All regular appropriation bills scheduled for completion by this time.
*	o Continuing Resolution may be necessary to fund programs and agencies contained in unfinished appropriations bills.

For more details on the budget and on how you can work to influence it, see Children's Defense Fund, Children and the Federal Budget: How to Influence the Budget Process (1980).

1983 CONGRESSIONAL RECESS SCHEDULE

Senate

February 5 - 14
March 26 - April 5
May 28 - June 6
July 2 - 11
August 6 - September 7

House

February 11 - 13
February 18 - 21
March 25 - April 4
May 27 - 31
July 1 - 10
August 13 - September 11
September 16 - 18
October 12 - 16

SENATE BUDGET COMMITTEE

Republicans (12)

Pete V. Domenici, N.M., Chairman
William Armstrong, Colo.
Nancy Landon Kassebaum, Kans.
Rudy Boschwitz, Minn.
Orrin G. Hatch, Utah
John Tower, Tex.
Mark Andrews, N.D.
Steven D. Symms, Idaho
Charles E. Grassley, Iowa
Robert W. Kasten, Jr., Wisc.
Dan Quayle, Ind.
Slade Gorton, Wash.

Democrats (10)

Lawton Chiles, Fla.
Ernest F. Hollings, S.C.
Joseph R. Biden, Jr., Del.
J. Bennett Johnston, La.
Jim Sasser, Tenn.
Gary Hart, Colo.
Howard M. Metzenbaum, Ohio
Donald W. Riegle, Jr., Mich.
Daniel Patrick Moynihan, N.Y.
J. James Exon, Neb.

HOUSE BUDGET COMMITTEE

Democrats (20)

James R. Jones, Okla., Chairman
Jim Wright, Tex.
Stephen J. Solarz, N.Y.
Timothy E. Wirth, Colo.
Leon E. Panetta, Calif.
Richard A. Gephardt, Mo.
Bill Nelson, Fla.
Les Aspin, Wisc.
W.G. Bill Hefner, N.C.
Thomas J. Downey, N.Y.
Brian J. Donnelly, Mass.
Mike Lowry, Wash.
Butler Derrick, S.C.
George Miller, Calif.
William H. Gray III, Pa.
Pat Williams, Mont.
Geraldine A. Ferraro, N.Y.
Howard Wolpe, Mich.
Martin Frost, Tex.
Vic Fazio, Calif.

Republicans (10)

Delbert L. Latta, Ohio
Bud Shuster, Pa.
Bill Frenzel, Minn.
Jack F. Kemp, N.Y.
Ed Bethune, Ark.
Lynn Martin, Ill.
Bobbi Fiedler, Calif.
Tom Loeffler, Tex.
Bill Gradison, Ohio
Connie Mack, Fla.
Phil Gramm, Tex.

MEMBERS OF CONGRESS IN KEY POSITIONS
ON CHILDREN'S ISSUES

ALABAMA

Senate

Jeremiah Denton (R)	Chairman of the Aging, Family and Human Services Subcommittee of the Labor and Human Resources Committee

ALASKA

Senate

Ted Stevens (R)	Majority Whip

CALIFORNIA

Senate

Alan Cranston (D)	Minority Whip

House

George Miller (D) (7th District)	Chairman, Select Committee on Children, Youth, and Families and Member, Education and Labor Committee and Budget Committee
Leon Panetta (D) (16th District)	Important member of the Budget Committee
Henry Waxman (D) (24th District)	Chairman of Health and the Environment Subcommittee of the Energy and Commerce Committee

CONNECTICUT

Senate

Lowell P. Weicker (R)	Chairman of the Labor and Human Resources Subcommittee on Handicapped and Chair of Subcommittee on Labor/Health and Human Services and Education

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

CONNECTICUT (continued)	
Senate (continued)	
Christopher Dodd (D)	Member of the Labor and Human Resources Committee
DELAWARE	
Senate	
William Roth, Jr. (R)	Chairman of the Governmental Affairs Committee and member of the Finance Committee
FLORIDA	
Senate	
Lawton Chiles (D)	Ranking Democrat on the Budget Committee and member of the Appropriations Committee
ILLINOIS	
House	
Robert Michel (R) (18th District)	Minority Leader
Dan Rostenkowski (D) (8th District)	Chairman of the Ways and Means Committee
Edward Madigan (R) (15th District)	Ranking Minority Member on the Health and the Environment Subcommittee of the Energy and Commerce Committee
John Erlenborn (R) (13th District)	Ranking Minority Member of Committee on Education and Labor
INDIANA	
Senate	
Dan Quayle (R)	Member of both the Budget and the Labor and Human Resources Committees
KANSAS	
Senate	
Robert Dole (R)	Chairman of the Finance Committee and of the Nutrition Subcommittee of the Agriculture, Nutrition and Forestry Committee

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

KENTUCKY	
Senate	
Walter Huddleston (D)	Ranking Minority Member of the Agriculture, Nutrition and Forestry Committee
House	
William Natcher (D) (2nd District)	Chairman of the Labor/Health and Human Services and Education Subcommittee of the Appropriations Committee
Carl Perkins (D) (7th District)	Chairman of the full Education and Labor Committee and Subcommittee on Elementary, Secondary, and Vocational Education
LOUISIANA	
Senate	
Russell B. Long (D)	Ranking Minority Member on the Finance Committee
MASSACHUSETTS	
Senate	
Edward M. Kennedy (D)	Ranking Minority Member on the Labor and Human Resources Committee
House	
Silvio Conte (R) (1st District)	Ranking Minority Member on the Labor/Health and Human Services and Education Subcommittee of the Appropriations Committee
Thomas P. O'Neill (D) (8th District)	Speaker of the House
MICHIGAN	
House	
Carl Pursell (R) (2nd District)	Key "Gypsy Moth" who serves on the Labor/Health and Human Services and Education Subcommittee of the Appropriations Committee
John Dingell (D) (16th District)	Chairman of the Energy and Commerce Committee (which includes Subcommittee on Health and Environment)

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

MINNESOTA	
Senate	
David Durenberger (R)	Key Republican on the Finance Committee and Chairman of the Health Subcommittee; and Chairman of the Subcommittee on Intergovernmental Relations of Governmental Affairs Committee
MISSISSIPPI	
House	
Jamie Whitten (D) (1st District)	Chairman of the Appropriations Committee
Trent Lott (R) (5th District)	Minority Whip
MISSOURI	
Senate	
Thomas Eagleton (D)	Ranking Minority Member on the Governmental Affairs Committee and Member of the Subcommittee on Labor/Health and Human Services and Education of the Appropriations Committee
House	
Richard Gephardt (D) (3rd District)	Key Member of both the Budget and the Ways and Means Committees
NEW MEXICO	
Senate	
Pete V. Domenici (R)	Chairman of the Budget Committee
NEW YORK	
Senate	
Daniel Moynihan (D)	Member of both the Finance and the Budget Committees
House	
Frank Horton (R) (29th District)	Ranking Minority Member of the Government Operations Committee
Barber Conable (R) (30th District)	Ranking Minority Member on the Ways and Means Committee

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

NORTH CAROLINA	
Senate	
Jesse Helms (R)	Chairman of the Agriculture, Nutrition and Forestry Committee
House	
Ike Andrews (D) (4th District)	Chairman of the Human Resources Subcommittee of the Education and Labor Committee
James T. Broyhill (R) (10th District)	Ranking Minority Member on the Energy and Commerce Committee
OHIO	
House	
Delbert Latta (R) (5th District)	Ranking Minority Member on the Budget Committee
OKLAHOMA	
House	
James Jones (D) (1st District)	Chairman of the Budget Committee
OREGON	
Senate	
Mark O. Hatfield (R)	Chairman of the Appropriations Committee
PENNSYLVANIA	
Senate	
John Heinz (R)	Member of the Committee on Finance
Arlen Specter (R)	Member of the Appropriations and Judiciary Committees
House	
William Goodling (R)	Ranking Minority Member of the Elementary, Secondary and Vocational Education Subcommittee of the Education and Labor Committee

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

RHODE ISLAND	
Senate	
Claiborne Pell (D)	Ranking Minority Member of the Education, Arts, and Humanities Subcommittee of the Labor and Human Resources Committee
SOUTH CAROLINA	
Senate	
Ernest F. Hollings (D)	Member of the Budget Committee and of the Appropriations Committee
House	
Carroll A. Campbell (R) (4th District)	Ranking Minority Member of the Subcommittee on Public Assistance and Unemployment Compensation
TENNESSEE	
Senate	
Howard Baker, Jr. (R)	Majority Leader
House	
Harold Ford (D) (9th District)	Chairman of the Public Assistance and Unemployment Compensation Subcommittee of the Ways and Means Committee
TEXAS	
House	
Jack Brooks (D) (9th District)	Chairman of the Government Operations Committee
Jim Wright (D) (12th District)	Majority Leader and Member of the Budget Committee
E. de la Garza (D) (15th District)	Chairman of the Agriculture Committee
Steve Bartlett (R) (3rd District)	Ranking Minority Member of the Subcommittee on Select Education
UTAH	
Senate	
Orrin Hatch (R)	Chairman of the Labor and Human Resources Committee

KEY MEMBERS OF CONGRESS ON CHILDREN'S ISSUES
(continued)

VERMONT

Senate

Robert T. Stafford (R)	Chairman of the Education, Arts, and Humanities Subcommittee of the Labor and Human Resources Committee

WASHINGTON

House

Thomas Foley (D) (5th District)	Majority Whip

WEST VIRGINIA

Senate

Robert Byrd (D)	Minority Leader
Jennings Randolph (D)	Ranking Minority Member of the Subcommittee on the Handicapped of the Labor and Human Resources Committee.

WISCONSIN

Senate

William Proxmire (D)	Ranking Minority Member of the full Appropriations Committee and its Subcommittee on Labor/Health and Human Services and Education

House

Thomas E. Petri (D) (6th District)	Ranking Minority Member of the Human Resources Subcommittee of the Education and Labor Committee

Members of Congress can be reached by dialing the Capitol Hill switchboard at (202) 224-3121. Addresses and phone numbers for Senators' and Representatives' home offices can be found in local telephone directories.

HOUSE SELECT COMMITTEE ON
CHILDREN, YOUTH, AND FAMILIES

Democrats

George Miller, Calif., Chairman
William Lehman, Fla.
Patricia Schroeder, Colo.
Lindy Boggs, La.
Matthew McHugh, N.Y.
Jerry Patterson, Calif.
Barbara Mikulski, Md.
Ted Weiss, N.Y.
Beryl Anthony, Ark.
Barbara Boxer, Calif.
Sander Levin, Mich.
Bruce Morrison, Conn.
Bill Richardson, N.M.
Edward Boland, Mass.
Gerry Sikorski, Minn.
Alan Wheat, Mo.

Republicans

Dan Marriott, Utah
Hamilton Fish, N.Y.
Dan Coats, Ind.
Thomas Bliley, Va.
Frank Wolf, Va.
Dan Burton, Ind.
Nancy Johnson, Conn.
John McKernan, Maine
Barbara Vucanovich, Nev.

Five additional members are still to be appointed.

SOME OTHER RESOURCE ORGANIZATIONS

For additional information on budget cuts discussed in this book, we are listing a number of organizations that provided background information to us in the areas listed below. At least one person is listed for each organization.

Food Stamps, WIC, Child Nutrition

Center on Budget and Policy Priorities
236 Massachusetts Avenue, N.E., #305
Washington, D.C. 20002
(202) 544-0591
Bob Greenstein, Stefan Harvey

Food Research and Action Center/
National Anti-Hunger Coalition
1319 F Street, N.W.
Washington, D.C. 20004
(202) 393-5060
Nancy Amidei, Ed Cooney

Low-Income Energy Assistance

National Consumer Law Center
236 Massachusetts Avenue, N.E., #504
Washington, D.C. 20002
(202) 543-6060
Carol Werner

National Council of Senior Citizens
925 15th Street, N.W.
Washington, D.C. 20005
(202) 347-8800
Eric Shulman

Low-Income Housing

National Low-Income Housing Coalition
215 8th Street, N.E.
Washington, D.C. 20002
(202) 544-2544
Cushing Dolbeare, Kate Crawford

National Rural Housing Coalition
1016 16th Street, N.W., Suite 8G
Washington, D.C. 20036
(202) 775-0046
Bob Rapoza

Civil Rights

National Urban League
425 13th Street, N.W., #515
Washington, D.C. 20004
(202) 393-4332
Maudine Cooper

NAACP
1025 Vermont Avenue, N.W., #820
Washington, D.C. 20005
(202) 638-2269
Althea Simmons

Civil Rights (continued)

National Center for Policy Review
The Catholic University of America
620 Michigan Avenue, N.E.
Washington, D.C. 20064
(202) 832-8525
William Taylor

NAACP Legal Defense and Educational Fund, Inc.
Washington Office
806 15th Street, N.W., Suite 940
Washington, D.C. 20006
(202) 638-3278
Phyllis P. McClure

Employment

National Employment Law Project
236 Massachusetts Avenue, N.E.
Washington, DC 20002
(202) 544-2185
Larry Glantz

Juvenile Justice, Runaway Youth

National Youth Work Alliance
1346 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 785-0764
Robbie Calloway

Family Planning

The Alan Guttmacher Institute
1220 19th Street, N.W., #305
Washington, D.C. 20036
(202) 296-4012
Asta Kenney

Community and Migrant Health Centers

National Association of Community Health Centers
1625 I Street, N.W., #420
Washington, D.C. 20006
(202) 833-9280
Dan Hawkins

General Budget Information

Fair Budget Action Coalition
c/o FRAC
1319 F Street, N.W.
Washington, D.C. 20004
(202) 393-5060
Rus Sykes

Block Grants

Ad Hoc Coalition on Block Grants and Entitlements
1000 Wisconsin Avenue, N.W.
Washington, D.C. 20007
(202) 338-3134
Pablo Eisenberg, Andy Mott

Military/Defense

Coalition for a New Foreign and Military Policy
120 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 546-8400
Steve Daggett

SANE
711 G Street, S.E.
Washington, D.C. 20003
(202) 546-7100
Mike Mawby

Council on Economic Priorities
84 Fifth Avenue, Room 905
New York, N.Y. 10011
(212) 691-8850 or
(202) 544-0591
Gordon Adams

Council for a Livable World
100 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 543-4100
Katherine McGraw

SELECTED PUBLICATIONS ON THE BUDGET
AND THE EFFECTS OF REAGAN'S POLICIES

General

Center for National Policy. Budget and Policy Choices 1983: Taxes, Defense, Entitlements. Washington, D.C.: Center for National Policy, 1983.

Center for the Study of Social Policy. Profiles of Families in Poverty: Effects of the FY 1983 Budget Proposals on the Poor. Washington, D.C.: The Center for the Study of Social Policy, 1982.

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Health

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Intergovernmental Health Policy Project, George Washington University. Recent and Proposed Changes in State Medicaid Programs. Washington, D.C.: Intergovernmental Health Policy Project, 1982.

National Governors' Association. Medicaid Program Changes, State-by-State Profiles. Washington, D.C.: National Governors' Association, 1982.

Social Services

Center for the Study of Social Policy. The Impact of Federal Budget Cuts on AFDC Recipients: A Compendium of Studies. Washington, D.C.: The Center for the Study of Social Policy, 1983.

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Education

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Youth Employment

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Civil Rights

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Civil Liberties

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Civil Liberties (continued)

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Defense Spending

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1983 Child Watch Projects

ALABAMA

Marilyn Garrett
Rt. Box 309
Opelika, AL 36801
(205)749-2655

Carey Hinds
2509 Watkins Circle
Birmingham, AL 35223
(205)871-8619
Junior League of Birmingham

Vicky Tatley
369 Winthrop Court
Montgomery, AL 36104
(205)265-4161
Junior League of Montgomery

CALIFORNIA

Marlou Belyea
5970 Harbard Drive
Oakland, CA 94611
(415)652-8066
Junior League of San Francisco

Karen Hawkins
2425 Sierra Boulevard
Sacramento, CA 95825
(916)483-9283
Unitarian Universalist Society

CONNECTICUT

Louise Statton
2740 Hebron Avenue
Glastonbury, CT 06033
(203)633-2326
Junior League of Hartford

Linda Briggs Ferro
402 Founders Road
Glastonbury, CT 06033
(203)633-0318
Junior League of Hartford

Dorothey Van Leuvan
62 Hillcrest Terrace
Meridan, CT 06450
(203) 235-6433
Church Women United

Rosemary Little
27 Mansfield Road
North Haven, CT 06473
(203)239-4384
Junior League of Greater New Haven

Sharon Milikowsky
66 Deer Run Road
Woodbridge, CT 06525
(203)397-5475
Junior League of Greater New Haven

DELAWARE

Diane Dailey
1303 Richards Alley
Wilmington, DE 19806
(302)656-2002(h)
(302)453-7996(o)
Junior League of Wilmington

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* Statewide Child Watch Project

DISTRICT OF COLUMBIA

Dorethea Brady
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This is the state of America's children in 1983.

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- 1 in 3 children, 18 million, has never seen a dentist. 1 in 7, 9 million, lacks access to health care.
- Black infant mortality rates in the United States exceed those of Cuba, Jamaica, Puerto Rico, Bulgaria, Czechoslovakia, East Germany, and Poland.
- Half our preschool children are not immunized against mumps, 40 percent against polio, 35 percent against measles, and 30 percent against diphtheria-pertussis-tetanus (DPT).
- 1 in 20 pregnant women, including 1 in 10 pregnant teenagers, receives late or no prenatal care.
- Each year 1 in 7 babies is born to a teenage mother, 62 percent of whom have not completed high school.
- 500,000 children are growing up without homes in costly foster or institutional care.
- 1 million children are reported abused each year, a number that is growing.
- An estimated 2 million handicapped children are not provided an appropriate education as required by law.
- 2 million teenagers over age 15 are school dropouts.
- 1 in 8 children, over 7 million, lives in substandard housing.
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